



PHD

## Incrementalism and the politics of resource allocation in local authorities

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INCREMENTALISM AND THE POLITICS OF RESOURCE ALLOCATION  
IN LOCAL AUTHORITIES

Submitted by R P Williams for the Degree of PhD of the  
University of Bath  
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## Summary of Thesis

### Incrementalism and the Politics of Resource Allocation in Local Authorities

This thesis represents a largely naturalistic and qualitative examination of incrementalism and the dichotomy between incremental and 'rational' resource allocation techniques in local authorities. It attempts to 'return to basics' in order to learn inductively from resource allocation activity 'on the ground' which of the very wide range of incremental concepts are actually defensible as explanations of what occurs. Pointers are derived from this examination for the validity of 'rational' techniques, and of the theoretical dichotomy itself.

Incremental conceptions of resource allocation outcomes are dismissed as analytically meaningless; what is identified as the 'cognitive' strand of incrementalism similarly emerges as being of little use in explaining resource allocation processes. Attention then turns to the 'political' strand of incrementalism where, building on the examination of cognitive constraints and the sources of variation in the reactions of the authorities studied to events, the argument is developed that the review and allocation of resources may be seen as aspects of the negotiated order in each authority. Each had its own distinctive profiles of reviewing activities and resource allocations, formed and sustained over time as the actors involved defined their responses to each other and those of their circumstances which they took to be relevant. Features of a "micro-political model" of the key negotiation processes which emerged from the data are also outlined. The order negotiated may or may not reproduce some of the features of political incrementalism, as an artifact of the underlying trends involved.

It is then suggested that the incidence of 'rational' techniques in resource allocation processes, and the extent to which they achieve the objectives set for them will also be a function of the negotiation of order in each authority; consequently, many aspects of the theoretical opposition between incremental and 'rational' approaches to resource allocation collapse.

## INTRODUCTION

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This thesis attempts to initiate a particular type of exploration of the dichotomy which may be discerned in academic thinking over the last ten or twenty years, between the analysis and advocacy of 'incremental' or 'rational' approaches to resource allocation and policy-making. It arose from the writer's ESRC (then SSRC) studentship linked to a research project in the School of Management at the University of Bath attempting a naturalistic, and much closer and more intensive look than hitherto, at issues connected with accounting and resource allocation in this case in local government. The project was already under way when the writer joined the team, with intensive fieldwork taking place in a nearby local authority. However, from participating in the team's discussions and from examining the existing literature in the field, the objective was conceived of testing the enormous range of concepts in the incremental-rational dichotomy through a similarly close and intensive case-study investigation of how adequately they actually 'captured' what those making policy and allocating resources actually did.

The research was conceived in a strongly 'non-positivist' vein. This reflected the theoretical orientation of the writer's colleagues, but also the perceived need to clarify the evident confusion of claims and concepts within the dichotomy, in the first instance by simply constructing an impressionistic picture of budgetary review and resource allocation as it was observed to be carried out. There was a deliberate avoidance of any structure which might have been imposed by hypothesising in advance of the data, and a deliberate attempt to take as little for granted as possible, in order to see just how much of

the existing structure in each 'pole' of the dichotomy could be shown from the picture to be justifiable. There were certain suspicions that the answer might not prove entirely favourable, and once the process of investigation had begun, it very quickly emerged that neither the incremental nor rational poles fitted satisfactorily with what was being observed. It therefore became apparent that the dichotomy itself, with its competing claims and analyses, could perhaps be 'resolved' by formulating 'from basics' - that is, from the impressionistic picture being built up of the behaviour and events actually observed (cf Hari Das, 1982: pl) - a set of concepts more accurate in terms of 'capturing' those observations, and thus more useful than either of the two poles. Accordingly, this thesis records the construction of this picture, and the analysis and development from it of these concepts, in outlining some features of a 'micro-political' model of the activity in question. It is hoped that as a set of abstracted concepts, the product may then be applied to other contexts, offering a different and more useful analysis of behaviour which might otherwise have been labelled in blanket terms "incremental" or "rational".

Notwithstanding these overtly inductive intentions, the basic aims of the research and what we have seen so far of their execution already imply certain theoretical and methodological preconceptions. While the process where these preconceptions and the writer's developing theoretical stance were applied to undertaking and interpreting the research is set out fully in the Appendix, it is however worth outlining some key points here. The style of approach adopted meant that the theoretical and practical execution of the project were not somehow separate or sequential, but took place largely in parallel, as the Appendix attempts to show by illustrating the reciprocal linkages

between them. (To this extent, the Appendix represents an important part of the theoretical basis of the thesis, and should be read as such). Inevitably, of course, as we have already seen and as the Appendix details, the preconceptions referred to meant that certain basic stances and features were decided upon in advance, with implications for the mode of learning adopted. Apart from the initial suspicions of the dichotomy which prompted the research, there was also the decision to implement the case studies on a strongly qualitative basis, in the determined attempt outlined to explore how the actors involved actually went about 'reviewing budgets' or 'allocating resources'. This served in turn to some extent to 'pre-set' the focus on the practical effects (intended or unintended) of action and interaction, and as we shall also see, on the processes underlying these, rather than on fixed or structural features.

However, experience of the fieldwork itself then served to reinforce this attitude, and in other respects a genuine attempt was made within the generally "retroductive" (Bulmer, 1979: p652) framework implied, to 'root' any specific theoretical or conceptual developments 'in' the data, by allowing it, so to speak, to 'suggest' what was appropriate.

The case studies in which this design was pursued took place over the period from June 1981 to November 1984, with the most intensive phase lasting until October 1982, but with a series of follow-up interviews thereafter. These latter were pursued as frequently as the writer's new full-time employment would allow until March 1983, thus allowing the budget cycle for 1983/84 to be covered in detail, along with that for 1982/83 covered in the main part of the full-time fieldwork phase. For the record, the case studies took place principally in two relatively right-wing Labour-controlled authorities (labelled Authorities A and B), but with additional data coming from a third,

Conservative-controlled authority (Authority C). There was little that was 'scientific' in the selection of this sample: as Flynn (1979: p745) also found, access to local authorities, and in particular to local authority officers or for intensive case studies involving matters which were often sensitive or confidential, has to be taken where it is offered. The price of this access was a frequently-sought promise of anonymity both for the authorities involved and actors within them. In Authority A, this extended to concealing what type of authority it was (although the references to housing will indicate that it was not a county!); Authority B was an Outer London Borough, while Authority C was a small rural Shire District.

Turning now to the fieldwork itself, there were three main "triangulated" (eg, Hall & Bucholz, 1977: p23; Halfpenny, 1979: p814; Hari Das 1983: p11) sources of data. Briefly, the first of these was over eighty hours of face-to-face interviews, almost all of them taped, but deliberately structured only by a checklist of issues to cover if the opportunity presented itself. The second was documents, principally budget and Committee papers, but also internal working papers. The third was participant observation of private or public meetings, backed up by many hours of ad hoc conversation with the actors involved, often after working hours, as the writer became acquainted with them and gained their acceptance. In particular, these contacts were enhanced in Authority B, where a desk was provided in the Chief Executive's section which the writer endeavoured to use as a base for at least 2-3 days a week throughout the full-time fieldwork phase. It is difficult to overstate the value of this gesture in increasing the depth of access to and penetration of Authority B, and in increasing the understanding of the other authorities studied. Finally, while the debt to those who became

involved may be gathered, a fourth data source later became available to the writer through his post in the Finance Section of the Association of County Councils, and this experience is drawn on at a number of points.

It is hoped that, following the work of the other members of the project team, the data reflects a depth of access and penetration which overall is perhaps unusual in studies of local authorities and resource allocation, and that the insights gained are correspondingly valuable. However, as the rather unsystematic construction of the sample has already indicated, the study is certainly not without many of the drawbacks or flaws associated with the case-study approach, and these ought to be admitted at once. The first of these is the unevenness arising where the overall depth of access could not be sustained in particular instances, leaving areas which the writer was unable to explore by being present in person (cf also Flynn, 1979: p752, who reported similar problems in the local authority he studied). An example here was the majority Labour Party Group and its Executive Committee in Authority A, where conclusions are based primarily on 'second-hand' sources such as reports and comments from those present. While care was taken in forming any specific conclusions from this data, it remains the case that in such instances triangulation was less adequate.

A second shortcoming is the at times uneven or incomplete coverage of the area of research as defined by the gerunds listed above, even where access was fully adequate. As Patton (1980: p119) also noted, any one person's view of a complex set of events may be less than complete, and there are accordingly areas where, with hindsight, the writer was either 'looking the wrong way' at the time, or where more

effort could have been invested in exploring them. An example of the former would appear to be the relative lack of specific identification in the thesis of the impact on allocating resources of officers' professional orientations. These did not emerge from the data as influences which could meaningfully be separated from the other factors involved: while it may be that they genuinely were not salient, the weight of other material on the subject (most recently, Rosenberg, 1985) suggests that their non-emergence was perhaps a fault of the study rather than a feature of the data! An example of where more effort could have been invested in making a particular influence explicit is the impact of external pressure groups as a feature of the circumstances within which the actors studied had perforce to operate. However, as a final and mitigating comment, it will be seen in due course that the conceptual structure developed in the study does at least allow the impact of these external factors to be assimilated in any 'model' of resource allocation constructed from it, even if this facility is not explicit here.

Finally, it might also be admitted now that the thesis presented here is itself incomplete relative to the original research design. Within the confines of a Ph.D thesis, it has only proved possible to mount a thorough coverage of the incremental pole of the dichotomy originally identified. At the same time though, this in no way invalidates the product of the research and, indeed, the concentration on incrementalism offers compensating advantages of its own. Incrementalism, as we shall see, is primarily a view of resource allocation as it allegedly is in reality and must inevitably be. The critical examination here of the concepts and claims embraced by the term therefore very effectively prepares the ground for an examination of the rational pole of the dichotomy (which, as we shall see, is

primarily a set of aspirations to what resource allocation allegedly could or should be), by providing a more accurate view of 'the reality' from which to proceed (Wildavsky, 1979a: p144 in fact makes a similar point). The evidence of this study suggests that the implication of the various 'incrementalist' views of reality which may be discerned, namely that 'rational' techniques of resource allocation and policy-making must inevitably fail, is ill-founded; equally, though, this suggestion arises in a manner which has profound implications for the potential of rational techniques relative to their own archetype. Accordingly, in presenting the research an attempt has been made to show where an examination of the rational pole might profitably begin - even if the necessary work will have to be undertaken by another student!

Whatever the faults or mitigating factors of the study, though, it will be seen from what follows that for all its weaknesses the case-study approach is amply justified by the need to cut through the confusion and imprecision within the incremental/rational dichotomy - and in particular, here, within incrementalism - if a more satisfactory conceptualisation of resource allocation is to be arrived at. Certainly, nothing here of general applicability is proved in the sense of successfully 'testing' a prior hypothesis, but it should already be clear that this was never the intention. The intention was to begin anew a process of working from the particular to the general, because it was felt that the generalities already available within the dichotomy were confused and contradictory in the abstract, and then because (as suspected) they proved to be inaccurate or unsatisfactory in relation to the way in which resources were actually observed to be allocated. At the level of the particular - that is, within the detailed picture built up of each of the authorities studied - as the



Appendix sets out, great care was taken to verify the accuracy of the data. The final validation, however, will come in the transition to the general, as the generalisations from the data which are offered as the results of the research are applied to other contexts, perhaps even to the examination of 'rational' resource allocation techniques discussed above. It is, therefore, hoped that further testing, and applying the conceptual structure set out, will also provide the final validation of the study which this one writer, operating from a small set of intensive case studies, was unable to provide.

On that note, however, we now outline the thesis itself. An attempt has been made to structure the account in a way which broadly reflects the research process set out in the Appendix. The reader may find it beneficial, therefore, to turn to this before proceeding further.

## PART I. INCREMENTALISM IN CONTEXT

Chapter 1: The Incremental/Rational Dichotomy. This Chapter sets out the dichotomy itself, and the areas of confusion which emerged even before the fieldwork began, prompting the decision to attempt to bring the dichotomy 'back to earth' and ground it in what actually happened and what actually appeared possible in order, it was hoped, to test the concepts within it and resolve many of the confusions outlined. Rather than representing coherent concepts, it will be shown that the "incremental" and "rational" poles of the dichotomy are in effect no more than syndromes of loosely related, and not always consistent ideas.

We then turn to the study of incrementalism with which, for the

reasons set out above, the bulk of this thesis is concerned.

Chapter 2: Incremental Outcomes. Following LeLoup (1978: p494), incremental categorisations of resource allocation outcomes are separated from those of resource allocation processes. For all the apparent simplicity of measuring outcomes to determine whether they fall within a given 'incremental' range, it will be shown that this is much the weakest area of the incremental syndrome, and may therefore be disposed of as essentially a digression before moving on to more fruitful areas.

Chapter 3: Local Authorities in Context. Incrementalism purports to deal with reality, the 'what is' of policy and resource allocation. This chapter examines what appeared to be the salient aspects of reality in the world around local authorities. It emerges that local authorities have displayed a variety of responses to their circumstances which cannot easily be explained by deterministic or 'contingency' type approaches. It is this variety of responses which, it is suggested, conceptions of policy and resource allocation processes must accommodate.

Hereafter, it is helpful to distinguish between the 'cognitive limits' and 'political/bargaining' conceptions of incremental processes, since although they are frequently combined (eg Wildavsky, 1979a: p62) they are really logically distinct (Danziger, 1978: p125), in that they imply separate and conflicting consequences for features such as the budget base.

## PART II. COGNITIVE FACTORS IN RESOURCE ALLOCATION

Chapter 4. Cognitive Limits. This chapter introduces and assesses the accuracy of the cognitive limits variant of incrementalism in capturing 'what went on' in the resource allocation processes observed.

Chapter 5. Individuals and their circumstances. This chapter takes the lessons learned from Chapters 3 and 4 and begins to build an individual-level theoretical framework capable of explaining what has been observed so far, as the foundation for the resolution of the incremental/rational dichotomy.

## PART III. RESOURCE ALLOCATION AND POLITICS

Chapter 6. Politics and Incrementalism. Here, we introduce the incremental view of politics as the other strand identified above by Danziger. The aim of this chapter is to allow us to enter the 'politics' of resource allocation with at least some idea of what we mean by 'politics'. Certain pointers are extracted from what we have already seen, and also 'in advance' from data to be presented, that allow us to reject from the outset as necessarily true the incremental view of politics as marginal bargained changes from an essentially fixed status quo. Building also on Chapter 5, a 'micro-political' perspective is outlined, based on the work of Mangham (1979).

Chapter 7. The Politics of Budgetary Review: the Status Quo. A further distinction is drawn for convenience between the politics of budgetary review, and the politics of resource allocation. This and

Chapter 8 are concerned with the former. Here, the nature of the status quo itself is examined in terms of the legal constraints and 'existing commitments' which are held by many to make it up. The conclusion is that 'the politics of the status quo' is far more important than is often allowed, because it is the negotiation of order around the status quo and its review. The impact of resource shortage on this negotiation of order only increases its importance.

Chapter 8. The Politics of Budgetary Review: Case Studies. This chapter develops the concept of the budget base and budgetary review as the negotiation of order. It emerges from the data that each authority studied had, following Danziger's notion of a "critical policy style" (1978: p76) its own 'critical reviewing style', in terms of how it approached the status quo and the task of accommodating it to financial circumstances. The particular processes of negotiating order in each authority around the issue are shown to underpin the differences in reviewing style.

Chapter 9. The Politics of Resource Allocation. This chapter explores the negotiation of order around the allocation of resources, that is, the area covered by Danziger's original concept of "critical policy style". In effect, the argument is extended from Chapter 8. A number of key concepts emerge, helping us both to structure what has been seen so far and to outline some features of a 'model' of the processes involved, and to begin to see how the analysis may be applied in other directions.

Chapter 10. Summary and Conclusions: The Rational Pole, and the Dichotomy. Finally, we pull together the various themes which have emerged, to outline the implications for the 'rational' pole of the dichotomy, and thus for the dichotomy itself.

PART I. INCREMENTALISM IN CONTEXT

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## CHAPTER 1: THE INCREMENTAL/RATIONAL DICHOTOMY

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### (i) INTRODUCTION

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The study of policy and resource allocation processes has long tended to take place within a distinctive theoretical framework. This embodies the dichotomy between on the one hand, 'rational' or 'comprehensive' methods of assessing priorities and alternatives and, on the other, incremental 'satisficing' or 'muddling through' by reference to ad hoc or even 'political' criteria. Simon (1957), Simon & March (1958) and Lindblom (1965) figure predominantly amongst the originators of this overall view of the subject. In particular, Lindblom (1965) is known for his preference for "partisan mutual adjustment" between competing and essentially self-interested actors or factions as a means of allocating resources, over what he labelled 'synoptic' (from synopsis, ie 'comprehensive' - 1965: p134) methods.

The volume of work which has actually recognised this dichotomy, or which is more-or-less explicitly aligned to one or other pole of it, is enormous. Writers such as B A Williams (1979); Gershuny (1981); Lyden & Miller (eds 1982); Bunce & Echols (1978); Brunsson (1982); Goodin (1982); Pfeffer (1981); Dearlove (1979); and Wildavsky (1975, 1978, 1979a & b, 1980, 1983) are clearly aware of the choices of approach it poses. The numbers of those who advocate or analyse one pole or the other are even larger. Thus, writers such as Quinn (1977); Larsson (1982); and Jablonsky & Dirsmith (1978) are strongly aligned to the incremental pole or are critical of its 'rational' opposite; equally, eg, Wanat (1974); Natchez & Bupp (1973); LeLoup (1978); David & Kantor (1979); Pyhrr (1970); and White (1982) are all

either critical of aspects of incrementalism or have advocated various forms of rational planning or analysis. Perhaps the one conclusion which may tentatively be reached is that the incremental pole is currently the one 'in favour', if only on pragmatic grounds following the perceived failure of rational techniques such as PPBS and ZBB (eg Wildavsky, 1979a; Jablonsky & Dirsmith, 1978; see also Van Gunsteren, 1976). Advocates of incrementalism, both as a description and as a prescription, appear more numerous or at least more strident, while a number of erstwhile advocates of rational techniques have either apparently modified their former views (eg Schick, 1983: p24) or have recognised that 'political' and other facts of organisational life cannot be wished away (eg Draper & Pitsvada, 1981).

As with policy and resource allocation studies in general, so it is with English local authorities in particular. Interest in the range of possible approaches to resource allocation has long been fostered, notably by INLOGOV, with Greenwood et al recognising the dichotomy thus:

"At one extreme, discussion of budgetary proposals may approximate to the 'rational' or 'synoptic' view of decision-making ... At the other extreme, discussion may take the form of ... systems politics ... [where] increments are negotiated in bargains that neglect outcomes" (1977: pp37-8).

Similarly, Tomkins (1980a); Alexander (1982); Haynes (1980); Dearlove (1979); Jones & Pendlebury (1984); and Midwinter (1984) all directly or indirectly explore aspects of the incremental/rational dichotomy itself as it applies to local authorities. There is again the fullest possible range of views within the dichotomy. Members of INLOGOV (eg Skelcher, 1979, 1980; Greenwood et al, 1977, 1980a & b; Greenwood, 1979; Hinings et al, 1980; and Norton & Wedgewood-Oppenheim, 1981) are well known for their advocacy or analysis of 'rational/comprehensive'



techniques, often typified by the notion of 'corporateness'.

Danziger's (1978) examination and criticism of incrementalism is also well known. Equally, though, those such as Tomkins (1980a); Dearlove (1979); and Cockburn (1977) have with varying degrees of enthusiasm either preferred the incremental pole or criticised the application of corporate/rational techniques. Again, it is also possible to detect a pragmatic trend away from the rational pole. Midwinter (1984: pp473-4) notes in the context of local government that PPBS and ZBB have had severe problems; Greenwood (1983) is notably more cautious in advancing corporate ideas than hitherto, and explicitly adopts at least some of Wildavsky's notions of incrementalism as an analytic yardstick of which, in Greenwood et al (eg 1977: p28), he was severely critical. Further, there appears to be a greater interest in specifying how rational techniques need to be adjusted to operate in a political environment (eg Greenwood, 1983; Midwinter, 1984), and to recognise the importance of non-rational modes of behaviour (eg Walsh et al, 1981).

The influence of the incremental/rational dichotomy in the field of policy and resource allocation studies is therefore abundantly clear. It will emerge from this thesis, however, that its influence is not healthy. For all the ubiquity of the dichotomy - indeed, largely because of it - each pole, and the structure of their interrelationships have in major respects become deficient as the theoretical basis for study in the field. A general incoherence has crept into the framework provided, which actively hinders our understanding of, and prescriptions for resource allocation processes. The intention is therefore that this thesis should begin to dissect the vast range of concepts and arguments which has grown up so that what is useful may

be salvaged, and then employed in any reconstruction which is shown to be necessary.

The first stage in this process will be to 'set the scene' by outlining the scope of each pole of the dichotomy as it currently stands, and by pointing in a generalised introductory way to the problems which arise. The arguments outlined are then picked up in further detail in the body of the text.

## (ii) A DICHOTOMY OF SYNDROMES

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### (ii)(a) Incrementalism

Schick notes that "... incrementalism is an extraordinarily elastic and elusive concept" (1983: p2). As a term it has suffered greatly from over-use, both as a general label for anything not clearly identifiable with the rational pole of the dichotomy, and as a descriptive/explanatory/normative vehicle in its own right. As Schick intimates, this has robbed it of all precision, to the point where in some cases it is little more than a term of abuse. Dearlove (1979: p130), for example, cites one writer who warns of "... that most malignant disease of government, that of creeping incrementalism ...". In this sense, the term seems at times to be taken as part of some general malaise, as Dearlove observes to be used almost interchangeably with 'fragmentation', 'specialist management' or 'professionalism' (Dearlove 1979: p144), or with what are labelled 'political' methods of resource allocation (see, eg, Greenwood et al, 1980a: p171 where 'political' and 'rational' styles are contrasted). Incrementalism is "... extraordinarily elastic and elusive ...", to

use Schick's description, because it has in fact become a syndrome. It is in effect a large collection of different approaches to describing or explaining what is taken to be the 'reality' of existing policy and resource allocation processes; alternatively it is also a series of means of advocating that attempts should not be made to change or improve these processes, because there are sound pragmatic reasons for, and benefits from, their being just as they are (see, eg LeLoup, 1978: p493). Some of these approaches will be shown to be mutually exclusive.

For the present purposes, incrementalism may be broken down into the following elements:

a) at least two descriptions of resource allocation outcomes:

- a focus on the size of monetary change between successive allocations. As outlined at b), below, incrementalism holds that this will not be great;
- a focus on relative change between spending priorities. Likewise, it is held that these will not in fact change greatly;

b) at least two categories of explanation of resource allocation processes:

- explanations based upon various forms of 'satisficing', arising from the cognitive limitations of budgetary actors, as to why changes in allocation and priority will be relatively small, and as to why (it is held) large areas of

a budget (the 'base') are in effect taken for granted;

- explanations of largely these same features based upon aspects of the political and other interactions between resource allocation actors or groups of actors, and the constraints which these interactions impose;

c) at least three normative categories of argument:

- a claim that incrementalism produces 'better' decisions which, being relatively small changes from the status quo, can be reversed if necessary and which may in any case maximise the points of view represented;
- a claim that incrementalism is politically astute in maximising support and legitimacy and avoiding foci for opposition, and in easing the process of making choices;
- a claim that incremental processes are inherently fair and even, at the extreme, the essence of democracy.

The derivation and justification for this particular presentation and division of the incremental syndrome will emerge as the analysis unfolds. The intention here, to repeat, is simply to introduce the concepts involved: it may be seen, though, that if there is a theme running through the syndrome at all, it is a focus on 'what is' or 'what must be' (eg Gershuny, 1981: p195), and a general preoccupation with the individuals and groups in resource allocation processes.

For the record, however, among the more notable problems and inconsistencies to emerge from these interlocking concepts and arguments are that:

- incremental outcomes are by no means reliable indicators of incremental processes;
- incremental processes do not necessarily 'explain' (ie result in) incremental outcomes;
- the explanations offered for resource allocation processes are at times conflicting and even mutually contradictory regarding their implications for the all-important concept of the budget base;
- the normative claims of incrementalism similarly embrace confused and conflicting lines of argument.

Notwithstanding the threads of continuity from its focus on how individuals and groups actually behave, one is tempted to conclude, even on the basis of this brief introduction, that even the term 'syndrome' dignifies incrementalism with a coherence which it does not possess

All the themes and arguments outlined will be examined in due course. For the present, though, the immediate next step is to outline the dimensions of the rational pole of the dichotomy.

(ii)(b) 'Rationality'/'Corporateness'

On turning to the rational pole, the initial impression of confusion is slightly less overwhelming, if only because of the presence of a reasonably coherent ideal around which the pole is centred. This is the 'rational choice model' of how organisational decisions, so to speak, 'ought' to be made. As set out by Haynes (1980: p78) the elements of this model - in this case as it applies to programme budgeting - may be summarised as:

- the identification of needs and problems;
- the formulation of objectives meeting these;
- the identification of alternative means of achieving the objectives;
- the evaluation of consequences and impacts;
- decisions (ie choices from the alternatives available) taken and action initiated;
- monitoring results and adjusting from experience gained, as necessary.

It should be stressed that in the archetype it is held that these should be the formal and explicit stages of a cyclical process of decision and review. Pfeffer (1981: p21) would also add:

- maintaining internal consistency in terms of assumed cause/effect linkages;
- explicit identification of all value premises in each decision process.

A rational choice would be that which embodies all these elements to further most efficiently the solution of the problem in question more, with due allowance made for opportunity costs and side effects, than any other choice possible in the circumstances.

All of this may seem clear enough and, indeed, a relatively 'obvious' level to which to aspire. Where the confusion begins to set in, however, is where the rational pole of the dichotomy embraces the truly enormous range of organisational techniques and configurations designed to enhance the rationality of existing policy and resource allocation processes. Norton and Wedgewood-Oppenheim (1981: p57) list the following: corporate management; corporate planning; PPBS; O & M; work study; network analysis; cost effectiveness studies; value analysis; and operational research. Greenwood et al (1980b: p47) would expand the list to include the following budgetary techniques: multi-year spending projections; analysis of spending determinants; personnel forecasts; environmental analysis; objectives statements; issue analysis/review of opportunity costs; and position statements. To this already impressive set of prescriptions might also be added: ZBB; MBO; PAR; MINIS; OD; PERT; CBA; policy analysis; systems analysis, design, development and engineering; policy planning; efficiency audit; performance review; critical paths and so on! While some of these items have more specific applications, we have here over thirty techniques without even attempting an exhaustive list. All of

them, it is held, would in some way alter organisational processes so as to improve decision-making and resource allocation, whether through assimilating more information, reviewing more options in more depth, making analysis more sophisticated and more explicit, enhancing feedback or whatever. The central cohesion of the rational choice model is not exactly lost, since it is usually possible to identify those aspects of it to which each technique relates (eg Haynes 1980: pp77-8), but the sheer variety must again prompt the term 'syndrome' to describe what has been laid out (cf also Dearlove 1979: p115).

A further note of confusion is introduced by the concept of 'bounded rationality'. This comes originally from the approach of Simon (1957) to delineating the level of rationality which might reasonably and pragmatically be expected in real life, as opposed to in the rational choice archetype (eg Haynes, 1980: p74), although as Haynes goes on to show (1980: p76), the 'full' rational choice model is quite capable of standing alone as a normative ideal. The issues raised by bounded rationality will be introduced very shortly.

To summarise this introduction to the rational pole, of the incremental/rational dichotomy it may be seen as a prescriptive series of organisational techniques and configurations, aspiring to improve the quality of policy and resource allocation processes. It is sufficiently diverse once again to warrant the term 'syndrome'.

#### (ii)(c) Summary

The incremental and rational poles of the dichotomy often used to analyse policy and resource allocation processes are each large and



amorphous syndromes. The former focuses on what it holds that these processes actually are; the latter focuses on what it holds that they might be. Also, it may be seen that the former adopts its stance on resource allocation processes by reference to an analysis of the individuals and groups involved, whereas the latter opts for the organisational level. Beyond this, however, there is little coherence of focus or analysis, although the rational syndrome is perhaps slightly the better in this respect, having the benefit of a central 'model' of its aspirations and prescriptions. Unsurprisingly, the relationships and linkages between the two poles of the dichotomy are confused and unclear, with further implications for its analytic utility. This introduction to the dichotomy now turns to outlining the areas where problems arise.

### (iii) OVERLAP AND/OR OPPOSITION BETWEEN POLES

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Because each pole of the incremental/rational dichotomy is so ill-defined, according to usage they may either overlap to the point where separation becomes difficult or impossible, or be virtually mutually exclusive. On the one hand, we have an overlap between the descriptive and analytic aspects of each syndrome to the point where they appear to lay claim to the same features of resource allocation; on the other, taking a different view of the two syndromes we have in two areas a deep-seated and fundamental opposition between the normative claims of each. These conflicting aspects of the structure of the dichotomy - descriptive overlap and normative opposition - are now outlined.

### (iii)(a) Descriptive Overlap

There is a series of areas where any distinction between the incremental and rational syndromes becomes blurred and difficult to maintain.

First, rational resource allocation or policy-making techniques may, as a simple matter of common sense, produce 'incremental' outcomes in the sense of 'marginal' or 'relatively small' changes from the status quo (however these may be defined: see Chapter 2, below). Even at the theoretical extreme of, say, a full PPBS system, or a 100% Zero-Based budget, it must surely be possible by entirely rational means to re-affirm existing spending patterns and priorities. To expect that rational processes will always result in non-incremental outcomes is either to imply that all existing activity is a priori 'wrong', which is clearly absurd, or else it is to overlook the possibility of rationally thought-out programmes of action being implemented over a period of years either because of resource constraints or in order to minimise political opposition.

Rational techniques may also result in essentially incremental processes (ie, as well as incremental outcomes) through design flaws or malfunctions (eg Gershuny, 1981: p203). Thus, Wildavsky (1979a: p196) doubts whether PPBS has ever worked as intended; equally, Greenwood (1983: p163) notes how, behind a local authority's formal corporate apparatus, much of its business may be secret and so, inexplicit, 'political' and otherwise 'non-rational'. More generally, Brunsson argues that rational processes are in fact inherently more likely to produce incremental outcomes than non-rational processes, because the greater weight of analysis and consideration of options

actually inhibits action from being taken. As he puts it:

"... the main problem for organisations is not choice, but taking organised actions ... Thinking must be adapted to the purpose of action; and, in that perspective, irrational decision-making and narrow, prejudicial ideologies are necessary ingredients of viable organisations ... Actions are supposed to be initiated by rational decision procedures that integrate ... disparate viewpoints. Thus, proposed actions that involve major changes are rejected ... (T)he high degree of rationality in political organisations produces incrementalism ..." (1982: pp42-43).

It may be seen that even in the abstract, the implied separation between the two poles of the dichotomy is difficult to sustain.

The second area where the poles of the incremental/rational dichotomy overlap at the descriptive level is with the competing claims made for the concept of 'bounded rationality'. From within the rational syndrome, bounded rationality represents the level of rational decision-making which one might ordinarily expect to achieve. Rationality, it is held, will necessarily be circumscribed because the costs and cognitive demands which it imposes mean that diminishing returns begin to set in before full rationality is achieved: decision-makers, faced with the competing pressures upon them, 'satisfice' in that they search only for a solution to a problem, rather than for the best solution among possibly a great many (Haynes, 1980: p74). In an analogy also cited by Haynes, the approach means that rather than "... searching a haystack to find the sharpest needle in it ..." one is only "searching ... to find a needle sharp enough to sew with" (Simon & March, 1958: ppl40-41). The rational choice model itself functions primarily as an ideal at which to aim (eg Self, 1981: p220; Haynes, 1980: p76); bounded rationality is a conception of how it should be operationalised, and as such is integral to the whole idea. As Goodin puts it,

"... Simon's ... model of satisficing behaviour is not an alternative to rational maximising, but rather, a special case of it, ie, maximising subject to the constraints imposed by imperfect and costly information" (1982: p24, emphasis in original).

Similarly, Draper & Pitsvada (eg 1981: p78), and Gershuny (1981: p202) have argued that many of the organisational techniques within the rational syndrome were never actually intended to achieve 'full' rationality (cf also Jones & Pendlebury, 1984: p100). Indeed even Pyhrr, in outlining zero-based budgeting for the first time, made it clear that some "cut-off" points would be necessary in the review process to keep it manageable (Pyhrr, eg 1970: p112).

The problems of overlap occur, however, when arguments from within the incremental syndrome also arrive at the concept of satisficing from another direction. The arguments here are not so much ones of diminishing organisational returns on extending the search for ends and means, so much as arguments of practical necessity. Under the cognitive and political constraints within which they must work, individual budgetary actors are held in effect to 'satisfice' by using devices such as the status quo in the budget base, and marginal change, to provide a 'limited' range of alternatives to consider, rather than seek the 'optimum' solution to a problem (eg Wildavsky, 1979a: pp12-13; Jones & Pendlebury, 1984: pp56-7). Although the incremental argument is couched in different terms from the 'rational' point of view above, the effect of 'satisficing' within the incremental syndrome is clearly very similar. Indeed, Jones & Pendlebury (1984: p57) go so far as to ascribe bounded rationality explicitly to the incremental rather than the rational pole.

To summarise the descriptive overlap between the incremental and rational syndromes, therefore, on one level rational processes and

incremental outcomes are by no means mutually exclusive; on another, both syndromes embody the important concept of 'bounded rationality'. Any differences in this latter respect are of detail only - a matter of why the search for alternatives is limited and how satisficing occurs. Whether in recognition of this overlap or through the confusion caused by it, Haynes (1980: p76; ppl11-12) and Pfeffer (1981: ppl9-22) formally ascribe bounded rationality to both syndromes. In this sense, therefore, the incremental/rational dichotomy appears partially to collapse, in that the separation which is implied between its two poles cannot in fact be sustained. However, the position is then complicated by the normative opposition between the two poles, and accordingly it is to introducing this that we now turn.

#### (iii)(b) Normative Opposition

The problems for the incremental-rational dichotomy arising from its partial collapse into descriptive overlap are compounded by the fact that, from the same descriptive base, each syndrome adopts normative stances and prescriptions which are deeply and fundamentally opposed. This opposition arises in at least the following two ways.

The first of these is the general attitude within each syndrome towards the status quo and change from it. We saw from Section (ii) above that insofar as incrementalism is anything at all, it is a set of approaches to policy and resource allocation based on describing and advocating aspects of 'what is' or 'what must be'. The rational pole, by contrast, was seen to represent a series of policy and resource allocation techniques aspiring to 'what might be' or 'what

ought to be' (eg also Gershuny, 1981: p204). On the one hand there is a concern to maintain the status quo and advance the merits of marginal changes from it; on the other, there is the conflicting concern to review the status quo and not take it for granted as fixed or inviolable.

To take the incremental view of the status quo first, there are a number of claims made within the incremental syndrome that incremental processes and marginal change promote both 'better' decisions and those which are politically astute. It is argued that, rather than attempt explicitly to make comparisons of the utility of (possibly very different) policy objectives, or the formulation of over-arching goals, the interaction of multiple self-interests within the political process itself steers, and should be allowed to continue steering, policy and resource allocation (eg Wildavsky, 1979a: pp129-131; Lindblom, 1965: p3: passim). The cognitive problems associated with rational or synoptic decision-making (or even with any decision-making at all) are thereby avoided, in a way which also maximises the number of viewpoints taken into account in each decision. Given the political nature of the processes involved, marginal change and the lack of review and explicit goals will reduce potential areas of conflict (see, eg, Jones & Pendlebury, 1984: p57; Wildavsky, 1976: p135-8) and avoid providing a focus for opposition, while maximising commitment and legitimacy (Quinn, 1977: pp25-34). At the same time, because marginal change therefore becomes more likely, this allows comparisons with the existing status quo (eg the budget base) to function as a heuristic in assessing any new developments (Wildavsky, 1979a: p221). It is also claimed to allow the flexibility of being reversible should the change in question prove unsatisfactory or politically troublesome (eg, Gershuny, 1981: p196; see also Hogwood & Peters, 1982: p228).

The actual validity of these interlocking arguments is examined in succeeding chapters. However, it can be seen here that in its concern to be pragmatic and attuned to political reality, incrementalism mounts an essentially conservative argument in favour of the status quo and marginal or minimum change from it (Jones & Pendlebury, 1984: p57; Haynes, 1980: p107). The 'status quo' refers here both to the structure and nature of policy and resource allocation processes *per se*:

"To an American, sudden change is suspect. American political beliefs preclude any drastic change in the political system and assume no final goal towards which the system should be moving ... Hence, political innovations must be marginal ..." (Brzezinski & Huntington, cited by Bunce & Echolls, 1978: p912),

and to the outcomes of these processes:

"... because our ability to foresee the full social consequence of any programme change is so limited, movement towards objectives should proceed by small steps. Radical actions take us beyond the realm of reasonable foresight. We make progress by sequential steps, correcting ... as we go ..." (Schultze, cited by Jones & Pendlebury, 1984: p57).

Turning now to the opposing rational view of the status quo, we must recall first of all that notwithstanding the descriptive features of 'bounded rationality', the 'pure' rational choice model is quite capable of standing alone as a normative or prescriptive ideal in its own right (Haynes, 1980: p76; Self, 1981: p220). It is held in effect that the status quo should have no inherent value just because it is the status quo (eg Midwinter, 1984: p478; see also Jones & Pendlebury, 1984: p87), and that the widest possible search for means and ends is therefore a desirable thing in itself (eg Self, 1981: p220). Still less should that search be restricted by any preference for marginal change from the status quo (see Gershuny, 1981: p198).

Further, rational action is that designed to achieve a desired state of affairs: the rational pole formalises these desires as goals and, as such, rationality is held to be meaningless apart from these goals (Pfeffer, 1981: p19). In contrast to the incremental view, goals should therefore be explicit (Self, 1981: p220; see also Dearlove, 1979: p144) rather than emergent, and action in pursuit of them should also be expressly designed to maximise their attainment (Haynes, 1980: p73). It may be seen that the rational pole of the dichotomy is concerned to advance a more radical view of the ordering of policy and resource allocation processes and conceivably, given its specification of the widest possible search for alternatives, of policy outcomes as well.

To summarise the division of attitudes towards the status quo, the pragmatic and conservative stance of the incremental pole opposes the more radical and thorough-going reviews and changes proposed by the rational pole. This division relates both to the prescriptions of each pole for policy and resource allocation processes themselves, and also to what constitutes for each the "desirable" characteristics of outcomes. What is more, it can be seen that each syndrome bases its attack on the other on precisely the grounds which the other bases its own case. Thus, due deference to the status quo and a lack of over-arching goals are advanced by incrementalism as wise and pragmatic, whereas it is the removal of precisely this attitude which the rational pole sees as necessary for purposeful action. Gershuny takes a wry view of the overall position:

"There is a strange personal relationship between [the] two views; incrementalists are frequently rationalists who have got older. Rationality, or rather its adoption as a norm for the making of public policy, is certainly an ideal of youth, and may all too easily be dismissed as the product of high aspirations and inexperience. Incrementalism, on the other hand, is seen as an attribute of the wise and the experienced, who know how things work" (1981: pp193-4).



With the debate on the status quo cast in these terms it is suggested that at the extreme, advocacy on an 'either/or' basis of one pole to the exclusion of the other may be more a matter of ideological preference or instinct, much as conservative and radical stances (leaving aside entirely any party political connotation) are in other walks of life. No specific evidence is offered here for this belief, save the length and standing of the argument to date. However, in the course of succeeding chapters, it will be suggested that normative stances of this type do not do justice to the actual data from policy and resource allocation processes and that neither view of the status quo is actually entirely sustainable.

We move now to the second area of normative opposition within the incremental/rational dichotomy, which is the competing claims of each pole that it alone is 'rational' while the other - even the so-called 'rational' pole - is 'irrational'. If rational behaviour is defined as that "... appropriately calculated to achieve a desired state of affairs" (Wildavsky, 1979b: p35; cf Pfeffer, 1981: p19), then whether or not one formalises these decisions as 'goals', both poles of the dichotomy would in fact claim to meet this specification. At the same time, they would also claim to provide a priori reasons why the other is 'irrational'. The problem for any workable resolution of the argument, however, is that the claims of each pole are based at different levels of analysis.

Taking once again the incremental claims to rationality first, these are based on what is held to be a pragmatic analysis of the actual limitations, either cognitive or political (small 'p'), on individuals or in the latter case groups of individuals within the policy and resource allocation process (see, eg, Danziger, 1978: p204).

'Rational' behaviour in such a context is that which recognises the constraints upon it and adjusts accordingly: thus with their limited and satisficed searches, inexplicit objectives and marginal change, it is held that incremental policies and resource allocation alone have the attribute of feasibility. As Wildavsky puts it:

"Every criticism of traditional budgeting is undoubtedly correct. Why, then, has it lasted so long? Because it has the virtue of its defects" (1979a: p221).

Within what are taken to be the fixed cognitive and political constraints on the individual actors and groups involved, "traditional" (ie incremental) budgeting is therefore 'rational'.

At the same time, it follows from this argument that these individual-level constraints a priori render the organisational techniques and configurations prescribed by the rational pole either impossible or irrelevant (Wildavsky, 1979a: pp135-8, 220-1; Tomkins, 1980: pp3-10) or even, as we have seen, an actual hindrance to decisive action (Brunsson, 1982: p37). To paraphrase Van Gunsteren's (1976) argument, the problem with rational techniques is that people tend to be treated as things when intelligent and dedicated action is expected from them. Rational techniques will not work (or so it is held, thereby ignoring the concept of bounded rationality as it applies to the rational syndrome: see, eg, Gershuny, 1981: p196) precisely because they assume the very conditions which at the individual level cannot be met: ie perfect knowledge of all options and consequences, and a willingness to subordinate political expediency to this knowledge (Van Gunsteren, 1976: p57). So-called 'rational' techniques are therefore on this argument in fact 'irrational'.

The counter-claim to rationality from within the rational pole itself can be introduced by observing immediately that rationalists continue to generate and implement the very organisational techniques which incrementalists claim cannot function! Opinions vary as to whether PPBS has merely fallen into disuse (Midwinter, 1984: p473), whether it is actually discredited (Jablonsky & Dirsmith, 1978: p219), or whether it may still have something left to offer (Jones & Pendlebury, 1984: p85; Puritano & Korb, 1981: passim). However, ZBB and other review techniques, OD, systems analysis and corporate management (to name but a few) continue in use in many organisations including local authorities, and in the latter may even be increasing along with review activities in general (eg Greenwood, 1983: p159). It may of course be that these are merely cases of rational labels applied to what have in effect degenerated into incremental processes under just those individual-level constraints emphasised by incrementalists. This possibility has already been hinted at and is more fully examined later.

The strict logic of the rational pole - or rather of the rational choice model - however, is that a priori, individual-level cognitive constraints are not the problem that incrementalists assert (White, 1982: p405), and that the inferior satisficing and political 'muddling through' of incrementalism can and will give way at least to some extent to organisational-level techniques of rational analysis (eg Greenwood et al, 1980a: p171; see also Greenwood, 1983: p167). The notion of bounded rationality as it applies within the rational syndrome does not weaken this argument. As we have seen it is held that the 'full' rational choice model which is at issue here still has an entirely valid role to play as an ideal at which to aim. As Haynes puts it:

"The model emerges as a regulative ideal against which actual decision processes and decision-making environments can be measured and if necessary improved. There is plenty of scope for enhancing the level of rationality in decision-making and one can move towards an ideal even though one may not be fully able to attain it" (1980: p76).

If progress can be made towards the ideal by organisational techniques for widening searches, making objectives more explicit and deepening the review of existing activities, then on this argument it is by definition rational to do so. Equally, to the extent that the individual-level prescriptions of incrementalism needlessly forebear or even hinder such attempts, then on this same line of reasoning incrementalism is itself 'irrational'.

To this extent, the rational syndrome is not just a set of opposed techniques but is specifically anti-incremental in its stance. As Dearlove observes of rational techniques:

"No matter what particular system you study, they all embody an attack on incrementalism; muddling through; satisficing; fragmentation; specialist management; professionalism; vagueness of objectives and the failure to make policies explicit; the limited analysis of alternatives; short-term planning; the absence of monitoring and review of performance, and so on. Moreover, to a greater or lesser extent, they all seek to create some new system free of these faults" (1979: pp144; emphasis in original).

It is many of "these faults", of course, which incrementalism advances as its own special virtues and which it advocates should not be changed (eg Wildavsky, 1979a: pp219-21).

To summarise the overall argument, it may be seen that the incremental and rational syndromes offer competing claims that they alone provide a 'rational' approach to policy and resource allocation, while at the same time the other is by definition 'irrational'. However, the problem in assessing the relative merits of these claims is then that

they are based at different levels of analysis: thus, instead of counter-arguments, we have counter-assertions. Either the individual level constraints specified by incrementalism are fixed and it is therefore rational to recognise them as such and irrational to ignore them; or, these constraints are not fixed, making it valid to aspire to higher rationality through the organisational techniques of the rational syndrome and irrational to erect those constraints as barriers to organisational improvement. It is suggested that as these normative arguments stand, neither seriously addresses the problems posed for it by the other.

#### (iv) THE INCREMENTAL/RATIONAL DICHOTOMY: OVERVIEW AND IMPLICATIONS

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The level of mutual exclusion just outlined is, arguably, no more than one might expect from what is after all a dichotomy, although it can be seen that the two poles are opposed in a way and to a degree that will make any discourse between them difficult. They cannot both be rational; equally, the almost ideological stances underlying their respective attitudes to the status quo may not be amenable to reasoned argument. Rather more awkward, however, is the tension which we saw between these opposing normative prescriptions of each syndrome on the one hand, and the descriptive base which we saw that to an extent both syndromes share, on the other. We saw that at the descriptive level the rational choice model gives way to 'bounded' rationality, which purports to specify the level of rationality which may actually be expected in practice. The problem was that bounded rationality in the rational syndrome is identical in principle to bounded rationality as it is applied in the incremental syndrome - the differences are in

detail only. As a result, the dichotomy actually breaks down at the descriptive level while at the same time its normative strands stridently continue to diverge. The dichotomy therefore does not prescribe what it has described, and as an overall framework for the consistent study and advocacy of policy and resource allocation processes, it is to this extent undermined.

It was argued that these problems arise because of the breakdown in precision and coherence within each pole of the dichotomy: the implication is that if we are to have a satisfactory framework for the analysis and advocacy of resource allocation processes or techniques, it is to each pole that we should turn our attention. On the basis of what we have seen so far, the key questions which then need to be addressed would appear to be:

- (a) What, if anything, of each syndrome remains valid or realisable?
- (b) Can a defensible basis be found for advocating either incremental or rational processes once each syndrome is stripped down?

Arising from the answers to (a) and (b), we should then be able to answer,

- (c) Can the dichotomy then be sustained and is it worthwhile to do so?

For the reasons noted earlier, the particular focus here will be on answering questions (a) and (b) as they relate to the incremental

syndrome. The data here is therefore used, as set out in the Introduction and Appendix, to subject incrementalism to a lengthy and intensive examination of its claimed ability to 'capture' the 'reality' of resource allocation. At the same time, however, given that the primary focus of incrementalism is on what is alleged actually to take place, this examination will highlight those aspects of 'the reality' with which rational aspirations must contend (cf also Wildavsky, 1979a: p144). Important conclusions will therefore emerge about the tenability of the rational argument, from which in turn the tentative outline of the answer to (c) will also become visible.

On that note, we now turn to examining incrementalism itself. Following the distinction drawn by LeLoup (1978: p491), we shall begin with probably the weakest area of the incremental syndrome, namely the different categorisations of resource allocation outcomes which it offers us. These are regarded as essentially a distraction from the treatment of resource allocation processes where the syndrome has more to offer, and are therefore best disposed of from the outset.

## CHAPTER 2: INCREMENTAL OUTCOMES

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### (i) INTRODUCTION

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To all appearances, incremental descriptions of resource allocation outcomes ought to be the simplest and most straight-forward aspect of the incremental syndrome. Two seemingly uncontentious categories of description were briefly identified in Chapter 1, above:

- (a) the marginality of change - and in the context of resource allocation, the marginality of monetary change - in allocations in each succeeding year (eg Wildavsky, 1979a: p14). The underlying argument is that:

"... many of the activities carried out in previous years are either mandatory, or are so fundamental to meeting organisational goals, that they will have to continue year in, year out. It seems sensible, therefore, to concentrate only on the changes from the previous year because these might be all that are controllable" (Jones & Pendlebury, 1984: p56).

- (b) The marginality of relative change as between priorities - again, with monetary change representing the most obviously available indicator, but not the object of focus in its own right. We have seen (p16, above) that incrementalism holds that, because of the limitations upon review capabilities and upon knowledge of future events, and also because of the political expectations attached to existing spending, marginal adjustments to priorities are simultaneously the most desirable and only feasible outcomes.

Although monetary change in allocation is frequently taken as an



indicator of priority change, as Natchez & Bupp (1973: p955) argued, the two should not be seen as entirely synonymous. A focus on monetary change in allocations alone may obscure really quite marked changes in priorities within those allocations; equally, very large monetary changes may leave an overall ranking of priorities unchanged.

This begins to hint that the issue of incremental outcomes is not quite as clear-cut as it initially appears. Outwardly, both definitions appear to be both sound and 'obvious' with the concepts of 'marginal' or 'relatively minor' change finding ready use in day-to-day language. Unfortunately, however, the lack of precision surrounding their application in this context, and also a series of methodological problems, render them all but useless in any analytic capacity.

#### (ii) MARGINAL MONETARY CHANGES IN ALLOCATIONS

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Perhaps predictably, apparent evidence in the data of marginal changes in allocations abounded. Thus, in Authority B's budget (both the authority and year taken at random), 6 out of 7 major committee totals show changes within a range of, say, ±10% of the previous budget, apparently ending the argument almost before it has begun. An apparently similar picture could be made to emerge from Authority A or, indeed, probably from any other authority.

However, because marginal changes to allocations are apparently so common, questions are raised as to how useful it is to point them out. The description in effect refuses to discriminate (cf Schick,

1983: pp2-3): as a result, when one probes further, a series of problems and issues comes to light which undermines its usefulness as an analytic concept, leaving the idea of 'marginal' or 'relatively minor' changes in allocation valid only in general figure of speech terms.

#### (ii)(a) Problems of Definition

For a concept dealing with something implicitly measurable, there is a remarkable lack of agreement as to how 'marginal' changes in allocation are to be defined (see, eg LeLoup, 1978: p491). Wildavsky (1979a: p14) implies an overall range of  $\pm 30\%$ , with 5% and 10% sub-divisions. Since, as Bailey & O'Connor (1975: p62) observe,  $\pm 30\%$  would allow the doubling or removal of a budget in just three years, it is scarcely surprising that Wildavsky found nearly three-quarters of his observations within this range! Bailey & O'Connor themselves (1975: p64) adopt a range of  $\pm 10\%$  with 11-30% as an "intermediate" category and, of course, found far fewer incremental outcomes.

Danziger (1974: pp337-8) only adds to the confusion. In attempting to reflect the "normal", "maintenance", "development" and "cuts" budgets identified by his interviewees (1974: p337) he proposes that the term incremental should apply to the range +5% to +15%; "relatively incremental" from -10% to +4% and from +16% to +30%; and "non-incremental" to changes greater than -10% or +30%. The term 'incremental' not only does not apply here to cuts (see also Schick, 1983: passim), but also does not cover the smallest increases. Insofar as there is a received wisdom on the matter, then surely this contradicts it. Finally, Dempster and Wildavsky (1979, cited in Schick, 1983: p21) attempt to side-step the issue altogether by focussing on the regularity of

change in allocation rather than the size per se. Even so, some concept of size would appear to be needed, because even allowing for differences of interpretation, there must come a point where large changes, even recurring ones, become 'non-incremental'.

Who, though, is to define that point? Each of the approaches listed is in effect an attempt to weight the concept of 'relatively small'. The wide range of proposals shows how subjective ultimately these attempts must be, giving the appearance of more or fewer incremental outcomes depending on who one cites. The problem, though, is that even if there was universal (ie intersubjective) mutual agreement among external observers as to which definition to use, it would still be no more than a quantification of external opinion, and thus of questionable relevance to the actual proceedings being observed. The figure of  $\pm 10\%$ , for example, recurred in three or four of the approaches cited but this 'relatively small' change could be treated as 'relatively large' in the eyes of those constructing the budget. In Authority B, cuts of just 5.0% (£3.5m) were reluctantly implemented, but when grant receipts turned out to be unexpectedly favourable, even this incremental cut was felt to be excessive and £1.0m was reinstated. Equally, the figure of  $\pm 30\%$  was also cited above. Since this would have included nearly 100% of all the budgetary allocations in Authorities A and B during the two year study period, we may infer that a 30% change was seen as infeasibly 'large' at that time!

It is admittedly just these problems which Danziger (1974) appears to have in mind. While his scheme of outcomes runs counter to aspects of what may be called the 'received wisdom' of attempting to fix a standardised figure, it does so because the categories he proposes are

generated from his actual study data. As he puts it,

"While some writers continue to worry over a clear definition of 'marginal' the issue seems subjective and hence unresolvable. At the very least, any figure given must be time and environment specific ...

"If change and magnitudes must be categorised, the budgeter's subjectivity might be preferable to the analyst's subjectivity" (1974: pp336-7).

It is therefore suggested that a standardised conception of 'marginal' or 'relatively small' change in allocations is probably unattainable (cf also Haynes, 1980: p107), but even if it was, it would lend a spurious objectivity and relevance to analysis. Except in specific applications, the generalised concept of incremental outcomes as 'marginal' changes therefore has a value only as a figure of speech rather than in any analytic role.

#### (ii)(b) Problems of Focus

Even if the problems of defining 'marginal' outcomes were solved in a way that actually informed the analysis, a series of methodological problems means that the size of actual change in allocation then observed is still at least as much a function of the focus of the observer, as of any factor 'in the field'. There are at least four areas in which such problems may arise.

First, much will depend upon the level of aggregation of focus (eg Bunce & Echolls, 1978: pp927-78; LeLoup, 1978: p497; Natchez & Bupp, 1973: p955; see also Heclo & Wildavsky, 1981: p27). The Department or agency level outcomes studied by many incrementalists (LeLoup, 1978: p497) are likely to display a different range of changes to those

at, say, programme level. Thus, while all but one 1982/83 service committee revenue budgets in Authority B were noted above to have changed within the notional range  $\pm 10\%$  over the preceding budget, Table 1 shows that the position was much less clear within each budget:

Table 1. Authority B: Change within Committee Budgets (source: Budget Documents)

Service Committee	Major heading level within $\pm 10\%$ Net Change	
Education	11 out of 11	(100%)
Health & Consumer Protection	3 out of 4	( 75%)
Arts & Recreation	7 out of 10	( 70%)
Housing (Revenue Account)	3 out of 5	( 60%)
Social Services	6 out of 11	( 54%)
Roads & Works	7 out of 13	( 54%)
Planning & Development	3 out of 9	( 33%)

It can be seen that on the same  $\pm 10\%$  criterion applied earlier at service Committee level, the marginality of change in these outcomes was far more variable. Only one Department, Education, (admittedly the largest) conformed fully at this level of aggregation to the 10% stereotype employed here.

Second, much depends on the timescale used. A focus on annual change, while apparently obvious insofar as budgets are legally also annual, produces distortions of its own. A year may be just not long enough in which to spend a 'non-incremental' amount (however defined) more than the preceding year. Either a budget implies an attainable - incremental - change from its predecessor, or it is unattainable, but will then either be over- or underspent, as the case may be. For example a Chairman in Authority A noted that:

"Local authorities rarely achieve their capital budgets. Committees are happy enough to get as much as they can in their programme when at the end of the day they only have so much labour and so much ability to spend".

On the revenue side, it seems likely that the very large GLC under-spend in 1982/83 (£177m or 19.9%) was at least partially a case of "revenue slippage" - the original budget proved too large to spend with the staffing resources then available (see also LeLoup 1978: pp499-500).

The key point is that incremental theorists such as Wildavsky (eg 1979a: p13) recognise that change may well only happen slowly, but then insist on measurements by reference to a limited timespan that makes marginal change in allocation a self-fulfilling prophecy. A three or five year focus (say) would produce, from the same rate of spending, larger and so less incremental changes than would a 1-year focus. In this sense, therefore, apparently incremental outcomes are simply a by-product of the observer's choice of a one-year interval. It may be felt that this is justified, given the legal requirement for a balanced annual budget: however, if incremental outcomes are only a by-product of what is effectively an historical accident, their usefulness as a statement about actual resource allocation may be doubted.

Third, even if the annual focus is accepted, as we have just hinted much depends upon whether one looks at annual budgets, or at budget execution through the year (eg revised estimates, outturn). Much of the work of incremental theorists examines US Congressional appropriations (eg Davis et al, 1966; Wildavsky, 1979a) or the UK PESC exercise (Heclo & Wildavsky, 1981), on the premise that these are the major declarations of intent for the coming year. However, what actually transpires may differ from the original intention (eg Hale & Douglass, 1977: p368; LeLoup, 1978: p499; Jones & Pendlebury, 1984: pp35-6), with the result that a focus on the original allocation may

not entirely explain 'where the money actually goes':

- one post-budget determinant of the eventual destination of money is of course virement. Hale & Douglass (1977: pp371-2) imply a higher level of virement than was the case here, but the ability of virement to change the face of a budget, and thus perhaps the level of incrementalism displayed by the allocations concerned once virement has occurred, was one reason for building up anew from a 'base' each year:

"You've got the base there ... that is the spend for the next year, in effect, rather than not having anything and having to build up from this year's budget which because of virement is already looking different" (Chief Accountant, Authority B).

- A second area where a focus on budget execution may produce a different level of marginality of change in outcomes is where a budget is subsequently over- or underspent. The 1982/83 GLC underspend of £177m (19.9%) has been mentioned. The original 1982/83 budget of £888m implied a 37.6% increase over its 1981/82 predecessor. However, if the outturn figure for 1982/83 is used, the increase becomes 10.2%, only just outside the most commonly cited range for 'incremental' change of  $\pm 10\%$ .

- The third area where a focus on budget execution may yield different results is closely related. LeLoup (1978: pp499-500) shows how a focus on budgets alone may give an illusion of incremental steps due to the annual gap between each measurement, whereas spending may increase in fact at a much more constant rate between budgets. Where budgets are enacted, and then rigidly adhered to up to outturn, the steps - representing the increase in spending at each budget - would remain. However,

given the likely increases in the severity of penalties\*, many local authorities allocate surplus balances to 'incur' additional current expenditure in the present year, when the spending in fact relates to the following year, in the knowledge of the likelihood that penalties in the present year will be lower than in the one following. This process of 'creative accounting' cannot, of course, be sustained indefinitely without budgeting to 'top up' the balances or surplus funds as they are applied. Nevertheless, where it happens, the precise level of expenditure in any one year becomes blurred, as the House of Commons Committee on Public Accounts recently pointed out (1985: paras 16-17), and the pattern of marginal incremental steps in allocation between budgets in reality becomes much more of a 'straight line' progression.

Spending therefore occurs continuously, both as a result of budgets, and 'around' budgets. There may be virement; there may be over- or underspending; there may be 'creative accounting'. As a result, while a focus on annual budgets may 'produce' marginal incremental changes in outcomes, these may well fail to describe the actual pattern of allocations and spending. A focus on budget execution (ie revised estimates or outturn) may 'produce' different outcomes than a focus on budgets per se, therefore, but it would appear on the criterion of capturing 'the reality' to be at least as valid.

Fourth, much depends upon the expenditure definitions in use. At one level an authority's current, 'total', and 'relevant' expenditure will vary throughout the year and between budgets at different rates,

(\* ie reductions in block grant, operative until FY 1986/87 exclusive, for exceeding expenditure targets each year).



although these differences may not be large. At another level, though, the observed degree of marginality of change in allocation will depend greatly on whether one takes 'volume' (constant-price) spending, or 'cash terms' figures (see Rose, 1980: p208). All other things being equal, the two will differ by the rate of inflation over the period in question: as a perspective, this has been as high as 25% per annum in the last ten years, which could presumably allow one measure to remain 'incremental' while excluding the other. The classic mode of incremental budgeting is of course to update the base for any inflation under-allowed in the previous year and allow for that plus inflation in the coming year. A volume basis allows one to see which is base and which is increment, and therefore whether the level of activity has actually increased (eg Likierman & Vass, 1984: p28). A cash basis, on the other hand, in effect combines the two, which means that a cash increase of less than the rate of inflation may actually imply a volume cut; in any event, though, the main determinant of the size of change each year may simply be the going inflation rate, which of course tells us relatively little about the resource allocation process itself (see also Bailey & O'Connor, 1975: p65). Clearly, a volume basis is more useful in any attempt to assess the level marginality of change in 'real' spending levels but with the advent of the 'cash planning' of allocations in the public sector this will become decreasingly visible. As a corollary allocations will also be decreasingly meaningfully analysed in 'incremental' terms.

To summarise the problems of focus, in at least the four areas of aggregation, time-span, budget execution and expenditure definition, the main determinant of the observed level of marginality of monetary change in allocation is likely to be the perspective of the observer. Once again, therefore, it may be doubted that this measurement tells

us or allows us to infer very much about the actual processes of resource allocation being observed.

#### (ii)(c) Marginal Changes in Allocations - Conclusions

We can now take an overview of the analytic usefulness of the incremental definition of outcomes in terms of the marginality of change in allocations: for all the apparent grounding in 'common-sense' observation, very little. There is no consensus as to how the concept of 'marginal' or 'relatively minor' is to be defined, and thus as to what this type of incremental outcome actually is. Depending on who one cites, a given marginal change in allocation may be 'incremental', or it may not. Even if a standardised definition could be agreed, though, there is no guarantee that it would be taken as valid at that particular time by those actually allocating resources in the processes being observed. The application of the standardised definition would in effect be an external imposition by the observer of his own subjective (or intersubjective) preferences (Danziger, 1974: p336).

Yet further problems arise because, as well as depending on the definitions used, the level of marginality observed - however this is defined - is in at least the four areas outlined a product of the focus of the observer, rather than of 'what is actually going on'. How incremental the outcomes of a resource allocation process appear to be depends on where one looks, how often one looks, what one looks at, and how one then categorises it. In conclusion, therefore, while the incremental definition of marginal change between allocations is intelligible as a day-to-day figure of speech, as an analytic yardstick it is an external imposition on resource allocation

processes which tells us rather more about the observer than what is observed, and whose tolerances and inaccuracies may easily exceed the 'relatively minor' change it attempts to measure.

### (iii) MARGINAL CHANGES IN PRIORITIES

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As in the previous section, there is again a strong element of apparent common sense and 'obviousness' in pointing to the apparent marginality and relatively minor nature of much priority change. The Leader of Authority A provided an example:

"Your policy doesn't change that much. The main structure, so far as the .... Council are concerned is a known set of activities which are slowly improved".

However, to the extent that the main indicator of changes in relative priorities is again monetary change, we find once again many of the problems of definition and focus that occurred above in assessing marginal change in allocations, although some of them take further, new, forms.

#### (iii)(a) Problems of Definition

Since applying the description of marginal change in priority involves once again defining what is meant by 'relatively minor', we run into the same problems of subjectivity (even if the definition is intersubjectively held, ie in the sense of being mutually agreed between observers) that we saw earlier. Both Natchez & Bupp (1973: pp959-61) and, in a deliberate attempt to be comparable, Danziger

(1974) compute a 'prosperity change score' for programme priorities, as "... the average yearly difference between the ratio of programme to total service expenditure and the mean of that ratio" (Danziger, 1974: p339). While this may allow trends in relative prosperity to be highlighted as movements in the 'scores' obtained (Natchez & Bupp, 1973: p960), in absolute terms Danziger himself notes that "the significance of the score must be interpreted subjectively" (1974: p339).

As a result, we are again left with the prospect of differing interpretations and definitions of what is or is not incremental, based on the same prosperity scores, but which could also in turn imply something different from the interpretations put on events at the time by those actually observed. As before, this appears to preclude the possibility of any standardised definition which is analytically useful, and even if it did not, it would preclude that standardised definition from any necessary relevance to 'what is actually going on'. The definition of incremental outcomes in terms of marginal change to priorities, like that relating to marginal change in allocations, appears only to be valid as a figure of speech rather than in any analytic capacity.

#### (iii)(b) Problems of Focus

Once again, even if these problems were not present, we have the series of methodological problems relating to the focus chosen by the observer. The extent of relative change in priorities found is largely dependent upon the observer's own standpoint.

First, much will again depend upon the level of aggregation of one's focus. The prosperity assessments of both Danziger and Natchez & Bupp were specifically applied at programme level, but in effect relative to the service mean. Clearly, therefore, service 'prosperity' is also a significant variable in programme 'prosperity' as much as the programme's own funding. Further, there is no reason why priorities within programmes should not also be assessed: the problem is that service, programme and 'within programme' may only arbitrarily be represented as 'the priorities' of the organisation.

Second, much will again depend upon the timescale of the analysis. Once again, a year may not be long enough to allow a non-incremental change of priorities to occur, particularly in cases either where long-term programmes are being pursued and where one would not actually expect priorities involved to change greatly between allocations (LeLoup, 1978: p499) until the programme was completed, or where, given that resources are fixed, something must be 'wound down' to allow spending in another area to increase (Hogwood & Peters, 1982: pp229-31). A three or five year focus (say) would again produce much less incremental results while measuring the same rate of change.

Third, much will again depend upon whether one focusses on budgets or upon budget execution - ie upon spending within the formally listed budgetary categories. Here, we run into a whole series of issues. Priorities may simply be initiated or re-arranged within the financial year rather than at budget time. Authority B, for example, 'found' £150,000 of revenue funding for a new unemployment programme in its area mid-way through the financial year. As the Leader put it at the time:

"...we don't know how we'll get [the money] yet, but we will. I don't think any budget is so tightly drawn you can't muck around with the odd quarter or half million".

Besides virement in this way, over- or underspend on specific programmes could represent considerable de facto changes in prosperity scores and priority levels from those originally budgeted.

However, to go further, there are at least three levels on which budgets are not only superceded, but may be actively misleading about actual priorities from the moment they are written. At the first level, accounting definitions or service or programme categories may artificially inflate or reduce prosperity scores and apparent changes to priorities when these have not in fact occurred. For example, many authorities cost the revenue aspects of programmes to include debt charges from capital expenditure, which means that annual changes in the prosperity score and apparent priority of these programmes would be at least partially a function merely of the level of capital debt in that programme and of changes in interest rates. Another related example comes from Authority A, where a specific activity (debt redemption) was always funded from a specific source of income (capital receipts): the level of redemption in any one year was thus entirely a function of receipts realised, which were prone to substantial year-on-year fluctuations. The priority of debt redemption remained unchanged, though, insofar as it retained the first and only call (amongst several possible alternatives) upon any available receipts.

On the second level, but closely related to the previous point, budgets may be misleading where expenditure is 'defined in' or 'defined out' of programmes. Thus, in Authority A, certain revenue

(current) expenditure was re-categorised as a means of avoiding grant penalties for exceeding targets. A programme of building restoration, for example, was apparently greatly reduced between 1981/82 and 1982/83 budgets, when in fact some expenditure had been capitalised, and some transferred to a trust fund outside the main budget. The underlying priority remained unchanged however. The Treasurer of Authority A provided another example:

"All the burden of advice, Cooper Lybrand, CIPFA and so on says that there should be a full allocation of central admin to users. We think differently. The DLO ... and trading services, if they are to compete, have a lot of central expenses which no outside firm ever had to bear ... The Council, Committees, two lots of audit ... that is all set aside as a charge on the rate fund, even management services, the Chief Executive and so on ...".

The result of this would have been a prosperity score for DLO support - as defined here - that was artificially high, and therefore an apparently higher priority, simply as an expression of the decision not to diffuse or 'lose' the costs between enterprises.

On the third level, budgets can be misleading through active manipulation by those with the power to do so. One issue to be resolved here, for example, is exactly whose priorities one should assess as 'the authority's', since the same activity or allocation may represent different things to people in different positions. An example of this was provided by Authority A's Planner, in connection with an inner city restoration programme:

"That policy started quite innocently, but [as] part of a programme to open up the whole [area], although we started with small packages of £10,000 at a time ... Most Members didn't know what that policy was ... they had no understanding when we started that it was a commitment, if you like, to build six or seven miles of quayside walkway. The plan was in fact ... an officer idea which had only limited political support ... There were officers in groups working corporately, but the aspirations were eventually expressed as individual budgetary allocations. We tapped four or five different Committees ...".

If one relied on formal budgetary categories, this programme would at this stage deliberately not have appeared as a priority at all. On the other hand, if one were attempting to analyse the budget of each Committee in terms of the prosperity score of each element, the results for the elements related to this particular programme would have been an inaccurate portrayal of the dynamics underlying the programme as a whole. In essence, it would have mistaken effect for cause, in focussing on purely tactical allocations in fact relating to a different 'whole' from the Committee budget, and endowing them with an individual status which, in the eyes of the programme's originators, they never possessed. No doubt it was hoped by the Planner that the chairmen of the Committees concerned would make just this mistake!

Eventually, however, the existence of the programme became public knowledge but it did so in a manner which only reinforces the point that a focus on the budget alone may be misleading. As the Planner continued:

"At the beginning ... you are always open to accusations that the whole thing will cost untold millions, and since you can't say what a programme will cost you would be damned silly to try ... The make or break came when we got to an area where the Council had leased an area of quayside for 999 years for car parking ... [The Council] now had an absolute impediment, and the programme became at that stage a rolling commitment because they had to take a deliberate decision to remove a use, ... to end the lease... They did it by facing up to the implications of our incremental approach to the thing and committing themselves to the whole policy initiative ...".

Here, the essentially privately-held objective suddenly acquired in public - and in the budget - the status and priority which in private it had held all along. A mere perusal of the budget itself would have given the impression of a wholly new programme. More generally, the whole approach was a very good example of what Wildavsky, (1979a:



ppl11-2) called the "camel's nose". What he does not point out though, are the considerable implications for the incremental/rational dichotomy as a whole. The example given was one of a corporately thought-out programme disguised as incremental, piecemeal allocations. The dichotomy comes close to being undermined because we would in effect have to apply both poles to the same behaviour. As the Planner himself put it, "When is a programme not a programme?".

### (iii)(c) Marginal Changes in Priorities: Conclusions

To summarise this critique of the incremental description of resource allocation outcomes in terms of marginal changes in priorities, it may be seen that once again a generally recognisable and apparently 'common-sense' description of change poses great problems in any specific analytic context. The problems are essentially similar to those which we saw with marginal changes in allocations, namely, that it is hard to define 'incremental' change to priorities in any consistently relevant way, and that the level of change observed is in any case a function of the observer's own standpoint and perspective rather than a statement about the actual resource allocation taking place. The tolerances and inaccuracies in such an exercise could again easily exceed the 'relatively minor' change being measured. Further, though, the problems arising from a focus on budgets cast considerable doubt on the extent to which the formal categories presented to the observer may actually reflect the 'real' priorities underlying the activity of those under study. This comes close in some ways to undermining aspects of the incremental/rational dichotomy itself: as we noted very briefly in Chapter 1, differences between the two poles may be illusory, with apparently incremental outcomes

disguising corporate/rationally thought-out and programmed activity.

#### (iv) INCREMENTAL OUTCOMES: OVERVIEW

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We have examined incremental outcomes in terms of marginal changes in allocations themselves, and in the priorities implied by those allocations, and found that while the concepts behind them may be intelligible in terms of the day-to-day figure of speech expressing the notion of 'relatively minor', in any analytic context they are useless or even actively misleading. In both cases there are serious problems both in defining what is meant by 'incremental' in any agreed sense that is also relevant to what is being studied; and in both cases there are if anything more serious problems where the observer cannot help but materially influence the level of incrementalism which he finds. Incrementalism is about 'relatively minor' change, but the tolerances in attempting to measure it could easily exceed what is being measured. The two descriptions of incremental outcomes which have been reviewed should therefore play little further analytic role. Least of all, it might be noted in passing, should they be used as the basis for inferring process characteristics by means of eg regression analysis (eg Davis et al, 1966: passim; see also LeLoup, 1978: pp491-2; Larsson 1982: p27), or even more tacitly by means of simple juxtaposition (eg Wildavsky, 1979a: pp13-15).

This, though, is to hint at issues arising from incrementalist views of resource allocation processes, to which we now begin to turn. The first stage in this examination however, is to place those processes in their context, and it is this which is accomplished in the next chapter.

## CHAPTER 3: LOCAL AUTHORITIES IN CONTEXT

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### (i) INTRODUCTION

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"I believe it is probably true that Fortune is the arbiter of half the things we do, leaving half to be controlled by ourselves. I compare Fortune to one of those violent rivers which ... flood the plains, [tearing] down trees ... everyone flees before them, everyone yields to their impetus, there is no possibility of resistance. Yet although such is their nature it does not follow that when they are flowing quietly one cannot take precautions, constructing dykes and embankments so that when the river is in flood it runs into a canal or else its impetus is less wild and dangerous ... I ... believe that a person who adapts his policy to the times prospers and likewise one whose policy clashes with the demands of the time does not" (Machiavelli, "The Prince", ppl30-1).

Having in effect dismissed the analytic value of incremental approaches to categorising resource allocation outcomes, what may be said of the syndrome's approaches to the nature of resource allocation processes? How incremental are these processes in local authorities? If they are incremental, how (if at all) does it help us to understand them by illustrating the fact?

The first step in answering these questions is to 'set the scene', by relating policy and resource allocation in local authorities to its external circumstances and to assess the impact which those circumstances in fact have. What role might incrementalism then be expected to play? If, for example, the nature of the processes studied could plausibly and unambiguously be ascribed directly to some determining impact of those circumstances, then incremental conceptions of the processes would become redundant. Explaining their nature would simply be a matter of identifying the relevant external determinants, thereby leaving the incremental stress on the

cognitive and political facts of local authority life with nothing left to 'do' save provide interesting but essentially diversionary supporting detail. In examining the role played by external circumstances, we are in effect seeking to identify the role (if any) which might in turn be expected of incrementalism, and the areas in which it might operate (leaving aside entirely, for now, the separate issue of whether it is actually valid or defensible). If there is still a role for incrementalism, we then need to know which aspects (if any) of the impact of external circumstances it will have to accommodate and be consistent with. These issues are addressed here.

Potentially, of course, any aspect of their 'external circumstances' might be expected to have 'an impact' of some sort on local authorities, but two fairly broad factors in particular were easily and consistently identifiable. The first of these was resource shortages, which were beginning to 'bite' as the research commenced; the second was high levels of external turbulence and uncertainty surrounding resource levels in connection with the grant system and the use of local rate bases. This is not to claim that these were the only major factors, or that this is the only way of approaching the issues addressed here, but that these two factors quickly and clearly emerged from the data as it was gathered and remained prominent throughout the research. They are also of course corroborated in the work of a number of other writers. Rosenberg (eg 1983: pp5-6) is one; Wildavsky (eg 1975: p10) makes wealth and predictability the two major dimensions of his well-known comparative framework, and following him eg, Greenwood (1983: p151). We now examine the general impact of these factors in order to illustrate the position in which Authorities A and B found themselves: although much will become clear later, it is possible to outline the key elements in the overall position.

(ii) LOCAL AUTHORITIES IN CONTEXT: RESOURCE SHORTAGE

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(ii)(a) Resource Shortage: Scale and Nature

The resource constraints facing local authorities need little introduction. The two main sources of income open to local authorities are government grants and rates. Of these, the former have steadily been reduced by the government as a percentage of local authorities' expenditure, thereby placing an increasing burden on local rate bases which have long been inadequate for the loads they bear (eg Ashford, 1982: p258). This has enormously increased the political sensitivity of rates and rates issues (Ward & Williams, 1986: forthcoming), and thus the pressures on local expenditure. The extent of the reduction in grant levels may be gauged from Table 2:

Table 2.  
Aggregate Exchequer Grant as a percentage of 'relevant' expenditure in  
England and Wales (RSG Settlements, 1975/76-1985/86)

<u>Year</u>	<u>%</u>	<u>Year</u>	<u>%</u>	(Source: successive years' RSG commentaries by the Local Authority Associations and the GLC).
1975/76	66.5	1981/82	56.1	
1976/77	65.5	1982/83	56.1	
1977/78	61.0	1983/84	52.8	
1978/79	61.0	1984/85	52.0	
1979/80	61.0	1985/86	49.8	
1980/81	61.0			

It may be seen that grant levels as a percentage of 'relevant' expenditure have fallen by nearly one quarter over the ten-year period shown to 1985/86, and have fallen particularly steeply since 1980/81, just prior to the start of the research. While these figures are for England and Wales, the following comparison from England alone emphasises their impact. Grants in England in 1975/76 amounted to some 65% of 'relevant' expenditure. If this percentage had been applied in 1985/86 instead of the level actually planned of 48.8%, the total of grant would have risen from the 1985/86 planned figure of

£11.8bn, to over £15.7bn, a difference of nearly £4bn. This represents the impact of the government's progressive reduction in planned overall grant levels through the period: even excluding the effects of inflation, on 1985/86 rateable values it equates to a 54p rate nationally, thereby crudely but directly quantifying the pressure on rates which has arisen. As grant levels have fallen, then, they have at the same time made rates much more sensitive for local authorities to use because of the demands of acquiring extra income simply to make good this loss.

Further, these figures entirely exclude the impact of penalty block grant reductions for exceeding 'targets' since 1981/82. These targets themselves have been 'cash planned' to allow increases in spending of rather less than the RPI, having risen by only 17.8% between 1982/83 (when the practice began of basing them on 'total' rather than current expenditure) and 1985/86, while the estimated RPI rise over the relevant period (April 1982-March 1986) is 44.8%, thus leaving a shortfall of the rise in targets against that in the RPI of 27%. At the same time, the penalties for exceeding these targets have increased drastically each year, as Table 3 shows:

Table 3.  
Cumulative ratepayer-level penalty block grant reductions for  
exceeding target

	Spend over Target					
	1%	2%	3%	4%	5%	+ per % thereafter
1981/82	(Targets and penalties not directly comparable)					
1982/83	3p	6p	9p	12p	15p	NIL
1983/84	1p	2p	7p	12p	17p	+5p
1984/85	2p	6p	14p	33p	32p	+9p
1985/86	7p	15p	24p	33p	42p	+9p

(Source: RSG Orders; penalties are always specified as rate equivalents, with block grant deducted equal to the rate poundages shown.)

While these figures are at ratepayer level (that is, they give the total penalty liability at the overspends shown of all types of authority in any one area, eg shire county and shire districts, etc), the impact on any one authority, though less severe in absolute terms, would be at least as great relative to its size and ability to pay. The only constraint on these penalties, should an authority spend high enough, is running out of block grant to be penalised, although at the time of the research this point had not yet been reached.

This, in crude terms, is the reality of the resource constraints which have faced local authorities. While the figures given here do not really do justice to what has become a whole complex of related issues, it may be seen that following the overall reduction in grant levels, together with very tight expenditure targets enforced by further penalty reductions in block grant, local authorities' rate bases and thus local expenditure have been put under great pressure, in particular from 1980 onwards and through the period of the research. One major source of income (grant) has partially dried up at origin, having the effect of making the other (rates) increasingly sensitive to anything perceived to be 'excessive' use. As these pressures have mounted, local authorities have been forced to call into question or even invalidate their earlier assumption, valid for many years previously, of an annual increment of growth in available resources. Wright (1980: p3), Hepworth (1980: p13) and Hinings et al (1980: pp113-4) were amongst the first to point to this change, although the theme has since been taken up by, eg, Rosenberg (1982: pp7-8; 1983: pp5-6); Greenwood (1983: p151); and Laffin & Young (1985: p42); on a slightly wider level by Schick (1983: p4); and abroad by

Kemp (1983: pl270) in the US, and Larsson (1982: pl) in Sweden.

However, perhaps the clearest expression to date comes from Stewart:

"The post-war period to 1974 was a period of continuing economic growth, marked by set-backs but capable of sustaining continuing growth in local government expenditure ... The economy and polity of local government have changed. The economic problems ... of 1974-79 led [the government] to call for cutbacks and standstill ... reducing grant accordingly. These policies were intensified by the succeeding Conservative government. Local government could no longer assume a climate of growth and had to face constraints .... (1983: pp41-2).

What is at issue, then, is a profound change in the whole financial climate within which local authorities operate.

Authorities A and B were no exception to this. Both were in penalty for spending above their respective targets from the moment these were introduced, and neither was exempted from the impact of the fall in overall grant levels. Although much will emerge later, we can now examine in outline the impact which the data showed this change in climate was having. Already though, any directly deterministic role of resource constraints may to be questionable. We are talking here of a change in shared (if tacit) background assumptions about likely resource levels, presumably as held by those involved in the allocation of resources, reflecting what they saw around them. To this extent, therefore, rather than causing the further changes we are about to see, the impact of resource constraints would already have been mediated (see also Greenwood, 1983: pl64 who similarly denies direct causation, in a change of emphasis from, eg, Greenwood et al, 1977; 1980a). While the pressures outlined were real and immediate enough, the issue then turns around the sense which the actors studied made of events through their shared revision of these background assumptions, and what they then took to be the 'appropriate' response(s). As we shall now see, these responses shared similarities



in the general extent to which assumptions tended to be reviewed and also in some of the effects which this appeared to have; but in other respects, such as their specific timing, style and actual effect on budgets, we shall also see that they varied considerably.

#### (ii)(b) Resource Shortage: Shared Responses

In his discussion of the invalidation of the growth assumption, Hepworth notes that while in overall terms the transition has been made to a 'decline' era, socialised attitudes from the period of growth will persist:

"Although there is a great deal of pressure ... to reduce expenditure ... there is also a countervailing pressure at least to maintain minimum standards .. Managers of local authority services are ... the products of a society which has developed certain accepted standards of social behaviour and responsibility, as well as certain professional standards. Their whole approach is conditioned by an initial desire to maintain those standards ... these norms apply equally to politicians" (1980: p23).

If this is so, then it would indicate an implicit trade-off between 'old' attitudes as to the role and desirability of the welfare state and services per se, and, now that their accompanying growth assumption has been invalidated, newer and more immediate attitudes as to how much of this it is proper and feasible to maintain. While ultimately this trade-off is a matter for each individual called upon to make it, the findings from Authorities A and B support Hepworth's contention (and also the conclusions of, eg, Levine et al, 1981: p188; and Greenwood, 1983: pp158-167). Although the older cultural attitudes to which Hepworth alludes were clearly strained, the change of thinking prompted by the invalidation of the growth assumption seemed in general to be taking place at the level of what was

'expedient', rather than at the deeper level of the justification for services in themselves. As the Treasurer of Authority B put it:

"... in any set of circumstances you've got to take a balanced view. An accountant might say, 'Swimming baths are a damned nuisance, they don't pay', but a lot of people enjoy swimming and Members of course are aware of that ... My attitude would be, 'how can I keep various levies on the public to what I would regard as ... reasonable?' I would argue that I've successfully managed that ... but accountants are human beings as well and if it took some swingeing cuts in a service, say withdrawing wardens in an old people's home, I probably wouldn't do it, as it's cruel".

The basic predisposition to retain 'a certain level' of services, therefore, remained intact.

Perceptions such as this of course affected the type and depth of review which it was felt necessary to undertake. As we shall see, although the timing varied according to the prevailing disposition in each authority towards spending levels relative to grant and rate pressures, alternative ways of providing services and reducing existing costs were evaluated and reviewed:

"What you're asking [chief officers] to do is say 'Yeah, alright, there should be a recreation manager whose job it is to provide the most cost-effective recreation and entertainment ... but is running the [name] Hall the best way of doing that, or building sports centres?'" (Treasurer, Authority A) ...

... but always under the assumption that the service would still be provided to the highest level permitted by available resources:

"No service will be entirely taken right away, we'll keep the basics so that when we can go ahead again, we've got a programme and we can build on that..." (Leader, Authority B).

This evidence that resource constraints were prompting a greater depth

of review of efficiency and the means of service provision in Authorities A and B, but not generally of the rationale for services per se, is, as we noted above, broadly consistent with the findings of some other writers in the field. It is also consistent, for example, with the recent privatisation of some services in some authorities or with recent attempts by Hertfordshire and East Sussex County Councils to sack their school meals staff and re-employ them on lower pay: clearly, these are radical solutions to perceived problems of cost, but ones which appeared to presuppose that services would at least continue to be provided, even if not to their previous levels. In this sense, we shall see that the incremental concept of the 'base', here representing an essentially political consensus of unchallenged 'core' assumptions about the continuing validity of service ends, itself continued to be relevant, even if the margin around it of review and feasible change was perceived to be widening (eg Stewart, 1983: p209; see also Kemp, 1983: pp1270-1, for an account of a similar experience in US local government).

Within this 'margin of feasible change', of course, given the obvious problems of providing at least minimum services with decreasingly adequate resources, it would be surprising if any dissensus was not more visible. Predictably, for example, the school meals cases above were attended by major political, legal and trade union arguments (see also Levine et al, 1981: p198). Amongst those more directly involved in allocating resources, Rosenberg (eg 1982: pp8-9) has stressed that one of the political by-products of a dependable annual increment of growth is that consensus within each authority over resource allocation patterns can in effect be 'bought' with it. Room to meet modest new aspirations can be found without having to relegate or re-negotiate existing priorities, and concessions may more easily be

gained because 'there is always next year'. Relationships between actors, as Rosenberg (1982: p8) points out, had in effect been structured around the assumption of this annual growth, and the effects of its removal were sometimes dramatic. Thus, he cites one Treasurer as follows:

"I don't know what's going on outside, but there is less co-operation here than there's ever been, simply because pressures are so great that each chief officer is obliged to defend his corner whether he wants to or not ... Politicians on Committees are also clashing amongst themselves ..." (1982: p8).

This experience would have been a familiar one to the Authority A's Solicitor:

"More and more I'm co-ordinating decisions. This becomes more important at a time of not much money. People can live much more easily within their own departmental aims and objectives when there is more money ... Easy relations become strained. Sometimes you need to be able to step in and knock a few heads together. I find myself in that sort of position more and more, much more frequently than I used to".

Similarly, we shall see that in Authority B, a specific exercise to produce £3.5m in cuts to its revenue budget produced frequent accusations in the Management Team between chief officers that they were not 'pulling their weight' and finding 'their' share of economies.

This is consistent, therefore, with the picture which emerges from Rosenberg (1982) of increased dissensus. However, Greenwood (1983: p158) arrived at a different conclusion, in that he found an increased willingness to 'pull together' after 1977/78, and much less political strategising between chief officers. It will become apparent from the data here, though, that the two trends to some extent co-existed. We shall see that treasurers' officials reported a greater departmental willingness to see the economising point of view (cf also Tomkins,

1983: p11) thereby, it is suggested, indicating the depth of invalidation of the growth assumption. However, chief officer and Member strategising also continued, particularly in the attempted accumulation of slack resources as a response to uncertainty (see pp73-80, below), or when any new level of restraint was implemented. No doubt they could see the 'need' for economies in general terms - so long as it didn't affect them directly!

We can now summarise what has been introduced so far of the impact of resource shortage on the authorities studied. Through forcing the invalidation of the assumption held by policy and resource allocation actors of an annual increment of growth in available resources, resource shortage was prompting (albeit with variations in timing during the research) greater levels of review and, indeed, a greater willingness to see the need for some measure of restraint. However, the review appeared to have extended as far as service efficiency and means of provision, but not (at that time) to service objectives. At the policy level the incremental concept of a 'base', in this case around still-held commitments to the existence of services in themselves, therefore appeared from the data and also from, eg, Greenwood (1983) to have remained valid. At the same time though, the fact that the 'margins of feasible change' were perceived to be widening implied a questioning of the basis of previous assumptions and relationships as competition for resources increased, producing in turn a much increased level of dissensus. These were the more uniform and shared aspects of the responses of local authorities to their resource constraints to emerge from the data (and to be corroborated by other writers). However, we now turn to the variations in responses to resource shortage which have also been hinted at, whereupon it becomes rather harder to generalise in any positive way.

(ii)(c) Resource Shortage: Variations of Response

From this point on, responses to resource shortage are far less uniform. While it seemed plausible to generalise about the level of review and search for efficiency savings, the response of individual local authorities to pressures on their resources seems to have been much more variable in terms of fixing their own spending levels.

To find out why, we might usefully return to Stewart's assumption above (p50) of the 'climatic' changes in local authorities' financial circumstances, and in particular his identification of the role of central government as the agent of this change. Certainly, the centre has sought to influence or control local spending levels, but in the revenue area, at least, it has not until very recently - and not at the time of this research - sought to specify in any binding way fixed expenditure figures (see eg Stewart, 1983: pp60-61). Rather, we have seen briefly that the government's approach may be portrayed as one of deliberately forcing local authorities to put pressure on their own rate bases, in the knowledge that these are inadequate for the loads they bear. In this way, the hope was that local tax (rate)-payers would control local spending, as it were 'on behalf of' the government and force that spending into line with the Public Expenditure (PESC) figures (Ward & Williams, 1986: forthcoming). The instruments of this strategy have been seen already. Firstly, we have the steady but very substantial decline since 1975/76 in overall grant levels shown in Table 2, thus increasing levels of rate support of spending generally. Secondly, this has escalated to the block grant, and then target and penalty systems which as we also saw seek to translate specific spending levels into rate burdens, by matching increased

spending over the target and GRE 'benchmarks' with increased rate poundages (Ward & Williams, 1986: forthcoming).

There were always sound practical reasons for the government's choice of this approach, not least because the Treasury (Heclo & Wildavsky, 1981: pp68-69) and DoE local government staffs (Ward & Williams, (1986: forthcoming) are remarkably small for the volume and importance of their work. More direct methods of central supervision of the detail of local spending would have imposed unacceptable burdens on those staffs. However, there was never any proof that local taxpayers could be prompted to force local authorities to deliver the spending levels required by PESC, and it is apparent that this strategy has not entirely worked. With its falling overall grant levels, the block grant system, and targets and penalties - all working to increase the political sensitivity of rates - the strategy has been the means of visiting the national economic position upon local government, and is thus the source of the invalidation of local authorities' previously held assumptions of annual growth in resources - but it has still allowed discretion in local revenue spending. There is, for example, an overspend against the PESC plans in 1985/86 set to be just under £1bn on current expenditure in England alone. Some local authorities have now spent their way out of block grant altogether and are thus more-or-less immune to anything that the government's strategy has left to inflict upon them - it cannot pressurise the rate bases in these areas any further. In passing, therefore, it has been suggested (Ward & Williams, 1986: forthcoming) that we now have rate-capping as a tacit admission of this partial failure to control revenue spending, and as a sign that the government now feels forced to contemplate more directly supervisory methods.

At the time of the research, however, rate-capping (or the threat of it) had not appeared. This meant that while the turbulence from grant and rates issues was undoubtedly a major factor with which authorities had to contend, those so minded appeared to have scope for negotiation of the resources constraints imposed (Goldsmith, 1984: p66). As the Chief Executive of Authority C put it:

Although in the last couple of years horizons have definitely been narrowed by national decisions, I think there is still room for initiative because one is always pushing to achieve what you think ought to be done within the rules laid down ... The government are taking the line that they are not telling authorities what to do, they are giving them the choice within the guidelines laid down ... They are saying that the decision is one for local authorities which means that you still have to decide locally, in the context of local interests".

Clearly, much depends on the level of aspirations to be satisfied:

Authority C was a small and fairly low spending district council, with objectives to match. However, not only will similar evidence emerge from the much larger and relatively higher spending Authorities A and B, but evidence suggesting discretion over overall spending levels may quite easily be found among authorities at large. Rosenberg (1983: p30) illustrated the range of discretion remaining in responses to resource shortage by reference to variations in spending per capita on a selection of English shire counties' services in 1980/81. Table 4 (below) provides a similar analysis for 1984/85, showing the variations in spending after four more years of restraint to be as wide as ever, and in some cases wider than in 1983/84. Tables 5 and 6 (below) then expand Rosenberg's analysis and that in Table 4 by showing how these variations have been maintained through time.

How much of the variation shown in the tables is plausibly attributable to the exercise of discretion per se? Of course, it is



Table 4.

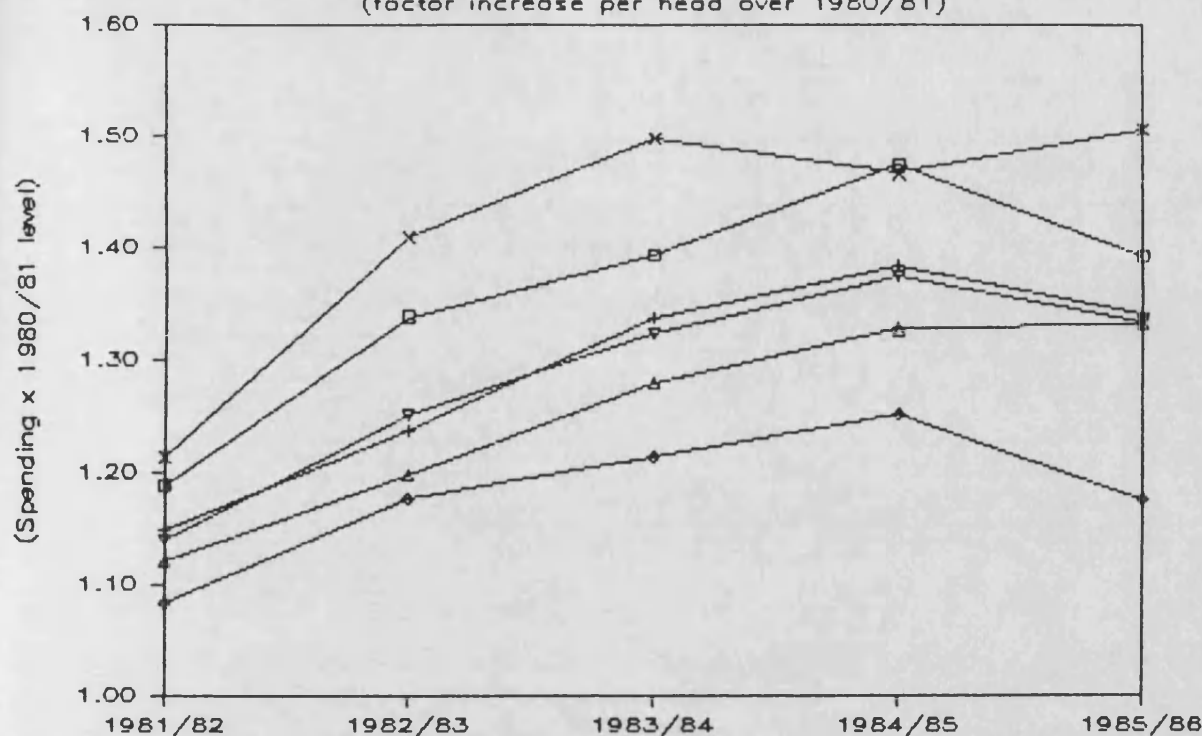
Variations in English Shire Counties' expenditure per capita  
(1984/85: November prices, £ per head)

Education & Meals		Social Services		Police	
Cleveland	253.74	Notts	46.82	Cleveland	51.24
Notts	229.91	Cleveland	46.33	Northants	50.27
Leics	223.75	Avon	45.96	Cumbria	46.58
MEAN	197.60	MEAN	35.91	MEAN	40.06
Dorset	170.45	Surrey	28.81	Herts	33.81
Surrey	162.49	Suffolk	28.62	Isle of Wight	31.39
W.Sussex	159.44	Shrops	27.81	Surrey	31.19
Range	99.30	Range	19.01	Range	20.05
1983/84 Range	92.97	1983/84 Range	20.08	1983/84 Range	19.08
Transport		Total Service Spending			
Northumbs	36.13	Cleveland	448.43		
Devon	35.24	Humb' side	382.35		
Somerset	34.99	Beds	380.34		
MEAN	27.81	MEAN	340.68		
Beds	23.35	Norfolk	301.54		
Norfolk	22.79	Surrey	286.40		
Oxon	19.82	Warwicks	282.78		
Range	16.31	Range	165.65		
1983/84 Range	16.83	1983/84 Range	125.27		

difficult to separate discretion over spending levels in the face of resource shortage from the effects of any other factors which may influence spending (because the net effect is still variation in spending levels) and to that extent our argument here has some wider implications which will be discussed later. It could be, for example, that the authorities shown have inherited their spending levels from previous administrations (although the last elections were in fact four years earlier), and were desperately trying to raise or lower these. It could also be that the various 'fixed' or demographic factors (or lack of them) affecting the needs and costs of service provision in each area, rather than authorities' exercising discretion

Table 5. Selected Counties' Service Spending

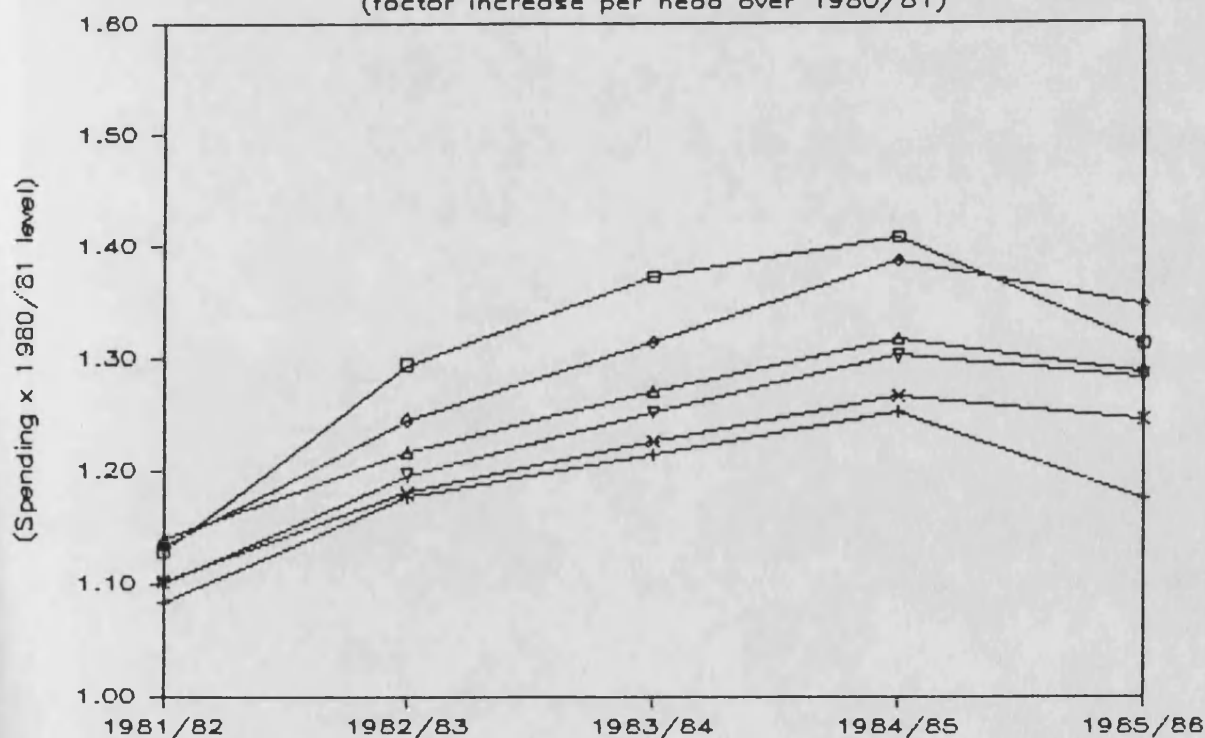
(factor increase per head over 1980/81)



Key. Cleveland  $\square$  Northumberland  $\triangle$   
 Devon  $+$  Nottinghamshire  $\times$   
 East Sussex  $\diamond$  Shire Mean  $\nabla$

Table 6. South-East Counties' Service Spending

(factor increase per head over 1980/81)



Key. Berkshire  $\square$  Kent  $\triangle$   
 East Sussex  $+$  Surrey  $\times$   
 Essex  $\diamond$  West Sussex  $\nabla$

over spending levels, will 'explain' much of the range of outcomes shown. For example, the transport rankings in Table 4 are often cited (eg ACC, 1984) as evidence of the unavoidable costs of road maintenance and bus subsidies in very rural areas. Very sparsely populated counties occupy the top three placings shown with others such as Lincolnshire, Cornwall and North Yorkshire only just out of the picture.

However, Danziger (eg 1978: p113) found demographic factors generally to be relatively poor at explaining outcomes; in a similar vein, the Audit Commission (eg 1985a: paragraphs 7-9) have found wide variations in service standards, even after local needs and efficiency or inefficiency have been taken into account. We shall see therefore that concepts of need and (to some extent) costs are applied through the perceptions of those in the authority. Their permitted impact on resource allocation is defined in situ, along with the impact of resource shortage, in terms of perceptions held by the actors involved of what is feasible and proper. As a further example, the same transport rankings in Table 4 also show another sparsely populated county, Norfolk, second from bottom, thereby maintaining its overall position as a relatively low spender, and showing that however pressing they may be, transport needs and costs in sparse areas cannot be seen as fixed. Equally, though, densely populated Cleveland would in fact be seventh in a full ranking of transport spending, thereby maintaining a striking profile of very high service spending, almost irrespective of financial constraints nationally. Both instances are entirely consistent with the known political dispositions towards service spending in each authority, which appear to have voluntarily either 'enhanced' or to have overridden, to an extent, the impact of resource shortage itself.

Tables 5 and 6 in any event then 'cancel out' the historical impact of demographic factors (except insofar as these may have affected spending levels since 1980/81) by standardising expenditure per head since then as factors of that year. Thus, Table 5 shows spending in a geographically varied selection of shire counties, and the shire mean, relative to their 1980/81 levels. Once again, Cleveland emerges as a high overall spender per head relative to its 1980/81 level, although with Nottinghamshire even higher. However, even arguing against Danziger and allowing for demographic factors such as increasing unemployment in Cleveland since 1980/81, the range of increases in overall spending per head since then is impressive, showing a variation exceeding 30% in both 1983/84 and 1985/86. The constriction of this range in 1984/85 is itself interesting, because for three of the authorities shown and for the shire mean it appears to mark the beginning of a downturn in service spending, perhaps as resource shortage was perceived to 'bite' - but not for Nottinghamshire which in fact increased its spending per head relative to 1980/81 levels. This, together with the fact that, for example, the 'bite' in Authority B was perceived to come in 1983/84, is further evidence of variation in the timing of responses (here in the shape of cuts) to resource shortage. Summarising the main point, though, the overall trend in the graph clearly shows the progressive impact of the resources position - but the width of the band between the highest and lowest curves is equally further evidence, if not conclusive proof, of the variations in response which it has elicited.

Table 6 makes the same comparison as Table 5, but for shire counties in the south-east of England, deliberately chosen as a more restricted sample. As one might expect, the variation shown is rather narrower than in Table 5 - but this is even less surprising given that these

shire counties were all Conservative controlled throughout the period (except in Berkshire where they were merely the largest party). Thus, 'discretionary' factors such as political leaning may have an impact (it may also be seen that the spending levels shown in Table 6 are rather lower than some of those in Table 5) although, within these broadly similar political parameters (and given also their relative demographic homogeneity) the range of responses exhibited by so restricted a sample is still impressive, reaching 20% of 1980/81 levels by 1985/86. Once again, therefore, while the overall trend in the graph indicates clearly the progressive impact of resource shortage as a factor to be taken into account in spending decisions, the range of responses within the overall trend would appear to indicate (if not prove) that resource shortage has not had a determining impact.

Now, it may be objected that having illustrated in the previous chapter the problems of definition and focus which beset incremental descriptions of resource allocation outcomes, Tables 4, 5 and 6 in effect repeat the same errors. The apparent range of outcomes shown here could easily prove as ill-founded as the incrementalist analysis earlier. In response, however, the tables are based on the standardised and carefully defined Return of Expenditure and Rates (RER), an annual collation by the DoE and CIPFA, known and familiar to local authorities over a period of years and where convention and practice will therefore have minimised problems of definition. There are of course tolerances in the RER, (and also in per capita measurements of spending) and ultimately the entire exercise is an imposition where categories may of themselves shape the answers, or may be manipulated by respondents. However, it is argued that even allowing for all these factors, the variances shown are large enough

to need further explanation, whereas with incremental descriptions of outcomes (ie, by definition small changes) the argument was that the various tolerances could be larger than what was being measured.

To summarise, while it is admitted that we have not proved the point, from their varied responses over time to resource shortage, local authorities appear still to have retained discretion over their overall service spending levels (as Rosenberg, 1983: p30 also concluded), notwithstanding the consistencies in other aspects of their responses to resource shortage noted in section (b) above. On the one hand it is possible to maintain a striking profile as a higher spender despite the financial pressures this imposes on local tax bases. On the other hand, it is possible to realise equally striking lower levels of spending, even within the basic assumption outlined in section (b) about service spending per se. Danziger (1978: p76) noted that each authority he studied had developed over time a "critical policy style": certainly, as this impacts on relative levels of spending (as opposed to the mix of spending, which has not been examined here), Tables 4, 5 and 6 suggest that even at a time of resource constraints, authorities have been able over time to maintain their own 'styles'. It is how they do this, and how those styles are formed and held with which ultimately much of this thesis is concerned.

#### (ii)(d) The Impact of Resource Shortage: Overview

The resource constraints facing local authorities appear generally to have invalidated the key assumption once held within them of an annual

increment of growth in those resources. This perception had in turn produced a relatively uniform impact of:

- widening the margin of feasible change and prompting a greater willingness to review efficiency and service means, but not (apparently) services per se; which in turn has
- prompted increased dissensus within authorities by undermining previously existing relationships, and increasing the importance to actors of 'defending their corner', notwithstanding evidence of a greater overall appreciation of financial pressures.

Equally, though, resource shortage evidently had not

- entirely overridden authorities' own predispositions towards 'desirable' spending levels (although in some low spending authorities, the response was in effect one of voluntarily 'enhancing' its impact), or prompted any other uniformity in timing or style of response.

From a theoretical point of view, while resource shortage has clearly had a profound impact, it can be seen that the only point at which it comes close to a determining impact is at the initial stage of invalidating the growth assumption. Even here, though, the 'medium' would be the perceptions of the actors involved. Thereafter, as those actors define what they take to be the appropriate response, their perceptions themselves become the 'determining' factor of when, where and how resource shortage actually has its impact on budgets.

If we are looking for a conception of how external factors such as resource constraints have an impact, therefore, the foregoing would appear to rule out the more deterministic approaches such as 'contingency'-based models of structure and behaviour (eg Lawrence & Lorsch, 1967; and in local authorities, eg Greenwood et al, 1977; 1980a). In these, behaviour is treated in many ways as the resultant (eg Colville, 1981: pp10-11) of the various forces and factors (contingencies) in the environment which are taken by the observer to be relevant. The independent roles of the actors themselves are thus effectively excluded from the analysis except as implicitly 'deviant' cases in some form (eg Greenwood et al, 1980a: p8; see also Rosenberg, 1983: pp8-12 for a critique of their 'model'). The problem, as we have seen, is that even at the aggregated level of general political dispositions towards service spending, this is not in fact a realistic representation, because features in local authorities' environments cannot apparently be said to cause the behaviour of the actors involved in any direct way (as, indeed, Greenwood - eg 1983: p164 - would now appear to recognise).

What is therefore required is a conception capable of handling the likelihood of actors' generalised recognition of the factor(s) in question, but which avoids implying cause or determination - and which can then cope with the resulting variety of likely responses.

Tomkins, amongst others, talks of certain 'brute facts' with which authorities must contend,

"... which cannot simply be re-interpreted away. Nevertheless, the local authority is not completely powerless in interpreting and reacting to these 'brute facts'. Consequently the truth of the matter is likely to be that the organisation is both affected by and manages to affect its environment with the ability to modify or re-interpret any environmental pressures..." (1983b: p3).



The concept of 'brute fact' serves our purpose here well. Resource shortage is a brute fact in that it was seen virtually universally by resource allocation actors as compelling some form of response, through invalidating their assumptions of an annual increment of growth in resources. Thereafter, though, while these responses are related to it and even share common features, such as increased review, or increased dissensus, in other ways they diverge and it cannot therefore be said that the brute fact has determined them. What can be said is that the brute fact, as a key point of the context within which an authority operates, has made 'a response' likely at some stage, and that given the nature of local authorities, some responses were therefore more likely than others - but that is all. The brute fact of resource shortage has in effect been allowed a differential impact.

This theoretical stance will be developed with the aid of further case-study insights into processes of choice and definition within the authorities observed. Now, however, we turn to the impact of uncertainty which, as we shall see, is the second brute fact in authorities' external circumstances.

### (iii) LOCAL AUTHORITIES IN CONTEXT: ENVIRONMENTAL UNCERTAINTY

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#### (iii)(a) Introduction

The second major factor of relevance in the external context of local authorities' operations was the uncertainty experienced by resource allocation actors in their day-to-day operation of the authority. Uncertainty is of course a topic much discussed in work on resource

allocation and organisations in general (apart from Wildavsky, 1975, we have eg Greenwood et al, 1976; 1977; 1980a; Hinings et al, 1980; Van Gunsteren, 1976; Greenwood, 1983; and Child, 1974; 1975; and the contingency approaches of eg, Lawrence & Lorsch, 1967; Miller, 1981; 1982; and, to an extent, Scholl, 1981). However the concept is used here in a particular sense.

In the simple conventional usage of 'not being sure what will happen' uncertainty might exist, but can in logic have no impact if it is perceived by the actors involved that there is no choice of avoiding or anticipatory action open to them, or if it is perceived that such choice as there may be is of little importance. By definition, there will ultimately be no uncertainty as to which actions to perform. The existence and impact of uncertainty is therefore entirely bound up with perceptions of discretion and significance. In the context of this research the key area of discretion giving rise to uncertainty is that which has just been introduced as the brute fact of resource shortage: indeed, exploring the impact of uncertainty will allow us to see more of the impact of resource shortage. Uncertainty existed within the authorities studied because resource shortage was not determining in impact but merely profoundly influential. With the government, as we have just seen, attempting to influence rather than control expenditure directly, it was perceived that there were still choices of action and reaction to be made, and that these choices were of critical importance: as Authority A's Chief Planner put it, "I owe my job to uncertainty. I am here to advise on what to do next". We shall now outline aspects of the impact which uncertainty appears generally to have had, again so that we can appreciate the specific position in which the authorities studied found themselves.

(iii)(b) Uncertainty: Scope and Nature

Thanks to their resource constraints, local authorities were (and are) faced with significant choices in plenty, and in circumstances of extreme ambiguity. One source of this ambiguity is the lack of precision inherent in the government's own expenditure planning process for the economy as a whole. As Meadows & Jackson found from their macro-level study on behalf of the Association of District Councils:

"... [there is] extreme variability in the level of planned expenditure between one year and another, and for the same year in different expenditure White Papers. The various spending authorities have, therefore, been faced with continuously changing and increasingly uncertain short-term targets against which they must formulate their own detailed plans" (1983: p2).

As typified by the resort to the so-called 'star chamber', it appears that the national plans themselves merely record the outcome of political debate within the government (eg Jenkins, 1985: passim; see also Heclo & Wildavsky, 1981: passim), and that they are therefore not entirely amenable to advanced disclosure or the maintenance of stability. As if to emphasise the uncertainty which this generates for local authorities as 'consumers' of these figures, within two weeks of the release of the 1984/85 Public Expenditure White Paper (Cmd 9143) in February 1984, the Secretary of State for the Environment had indicated that in his view at least, the published figures were not the last word on the matter (House of Commons Official Report, Standing Committee G, 21st Feb 1984: Cols 570-1).

One of the most frequently cited areas of uncertainty facing local authorities, albeit within the context of national economic objectives, is the capital allocation system (eg Audit Commission,

1985b: passim). While capital spending may be easier to adjust or curtail than revenue spending (eg Meadows & Jackson, 1983: p3), the incompatibility of the present year-on-year allocation system with capital projects having a lead-time of up to six years can be acute. As the Chief Executive of Authority C put it:

"That's what's wrong with this year-to-year thing. You have to have some expectation that the rules will be operated reasonably ... Theoretically, we can't operate on how we do it now, we've no assurance that we will get a HIPs [housing capital] allocation next year".

These problems have been exacerbated by the recent annual adjustments to the proportion of their capital receipts which local authorities are allowed to apply in support of that spending, and also by the late notice given of capital allocations, often only one or two months before the start of the financial year to which they relate.

However, a more pervasive source of uncertainty to emerge from the data here was the workings of the block grant system (eg Goldsmith, 1984: pp66-7; Audit Commission, 1984: passim; Rosenberg, 1983: p29). As we have seen, most of local authority revenue spending is supported either by government grants or by rates. At a time when the latter have become increasingly sensitive as a source of income (see above, pp48-50), the former have varied widely for individual authorities, making it difficult for them to plan just how much pressure will have to be put on local rate bases. For example, each authority is told its provisional block grant receipt around Christmas each year, just three months before the financial year to which it relates. It is almost always unrealistic to assume that previous years' block grant figures are a reliable guide to the forthcoming year's. They may be realistic: equally though, in 1985/86 shire counties' provisional

block grant entitlements varied through a range of rate equivalents of -12.1p to + 5.8p over the 1984/85 figure.

And then we have the influence of local authorities' actual budgets. Two particular aspects of relevance here are known as 'clawback', and 'holdback', the latter being the penalties which we have already seen. Clawback concerns the role of the block grant system in reconciling the total of authorities' individual grant claims to the total available nationally (also known as 'close-ending'). This is not done pro rata, but through a process of computer iteration in which the key determinants are each authority's budget, rateable values and 'multiplier' mechanism, and population - but in effect as related to those of every other local authority, within the finite amount of block grant available. This mechanism is exceedingly complex, and also works retrospectively on the basis of authorities' budgeted, revised and final outturn spending figures. Given the finite grant total, if these vary significantly for large authorities, the impact through clawback on other authorities may be substantial. Thus, when the GLC reported its £177m underspend noted earlier (p34) on its 1982/83 budget, it became entitled to an extra £100m in block grant, thereby costing shire counties and metropolitan districts up to £5m off their own grant receipts to pay for it (see also Audit Commission, 1984: p18).

As if to add insult to the injury of the other authorities caught in this way, the GLC's £100m was in fact returned directly to the Exchequer. This is because it was still liable to holdback - penalty block grant reductions - for exceeding its target. While targets have tended to undershoot then-current rates of inflation, the penalties for exceeding them were shown in Table 3 (p48) to have increased

annually in severity. Attempts by local authorities to balance these trends and judge the increased burden to be put on their rate bases have not been helped by the fact that once again, the schedule of penalties for each financial year has generally only been released with the relevant RSG Settlement, three months before it starts. The first exception to this rule was 1985/86 and with, for example, up to £9m in block grant depending on a single percentage point increase or decrease in spending for some shire counties, their relief at having eight months' notice may be imagined!

The cumulative effect of 'clawback' and 'holdback' is therefore repeated and severe fluctuations in grant levels, often long after the end of the financial year to which they relate. While penalties may fairly easily be calculated by each authority for itself once the relevant penalty schedule is known, other aspects of the block grant system do not offer this possibility and are in any case beyond the control of any individual authority. The GLC case is an example, with the resulting grant adjustments made well over a year after the end of FY 1982/83. This and other factors were identified by the Audit Commission (1984: pl3) in their case study of Trafford MBC's 1982/83 block grant receipt, which at the time of writing has so far varied six times over a range of £13m. A better example still comes from FY 1981/82 where the account was finally closed in January 1985 after, in the case of Hampshire, TEN separate block grant adjustments over a range of £9.5m, or 5% of the figure first notified.

The acute uncertainty within local authorities' revenue budgeting is thus clear enough, and at the time of the research would have included the added factor of the relative 'newness' of the block grant system.

It is perhaps little wonder that the Treasurer of Authority A felt moved to complain that:

"You can look at the way the government is viewing pay claims and come to some consideration ... Its not all that difficult to come to some percentage around the right area and the fact that you might be one or two per cent out either way is not going to throw out any forecast you are making of the total rate picture. The rate support grant is a much more serious imponderable though. You don't know where the hell you are. If the Secretary of State allowed the system to operate we could probably do a fair guess of what we would get next year, but you get clawback and targets and penalties and all the bit, and you don't know what he's going to come up with next".

It is suggested that financial uncertainty represented the second major brute fact within local authorities' external environments. As we shall now see from the data, it was taken by the authorities studied to compel some form of response, although it is of the essence of uncertainty that there is some area of discretion perceived as to what that response should be. Otherwise, there would be no uncertainty as to 'what to do next'. Two particular strands in the responses to uncertainty to emerge consistently from the data were the creation or retention of 'slack' resources, and the use of the budget base as a 'holding' position pending further information on events. Both responses were also of course relevant in the context of the brute fact of resource shortage, through the government's attempts to influence rather than control expenditure, which generated the uncertainty observed. However, we shall now see in introducing these approaches that their applications and thus their implications in each authority depended upon the tactical perceptions and definitions of the actors concerned. Once again, therefore, we shall see that whilst the brute facts set the context, they are not the determining feature.

(iii)(c) Responses to Uncertainty: The Accumulation of Slack  
Resources at a time of Resource Shortage

'Slack' is the accumulation or retention of resources in excess of expenditure specifically anticipated or strictly thought to be necessary (although it would exclude a certain level of working balances set aside to meet ad hoc contingencies as they arise during the year). In the authorities studied, the motive for creating slack was always a desire to reduce the impact of uncertainty by making it matter less what actually transpired: it represented for each actor the provision of 'emergency' reserves. Given the brute fact of resource constraint, the implication of continuing levels of slack is that the ad hoc demands of immediate survival are sufficient reason to divert scarce resources away from the provision of services themselves, although in the authorities studied these implicit priorities were not observed to be directly weighed against each other. Levels of slack nationally are difficult to judge, by its very nature and because the distinction between 'slack' and 'legitimate' spending may be a matter of opinion. Thus, Rosenberg (1983: p32) notes that the more visible forms of slack may if carried to excess incur the displeasure of the District Auditor. However, although it is not undisputed, the Audit Commission's estimate of what is in effect one form of visible slack (increased levels of balances) in response to uncertainty, at £400m per year (1984: p7), would imply that the District Auditor in this context is not a very pressing constraint. This is of course leaving aside the less visible forms of slack altogether.

However, to begin with perhaps the most straightforward use of slack, one might point to the 'fat' or 'padding' in service estimates as a



cushion against unforeseen demands (eg Wildavsky, 1979: pp22-3; Jones & Pendlebury, 1984: p35). A Chief Officer in Authority B provided an indirect illustration:

"I have instigated certain savings which others came in on later on, which annoyed me because I reckon they could have made them earlier. I implemented them twelve months ago and declared them, although I could have played their game and sat on them" (Chief Officer, Authority B).

In their attempts to generate slack, service departments' main obstacle was the Treasury scrutiny in the time-honoured 'guardian v. advocate' manner (eg Larsson, 1982: p2; Jonsson, 1982: p65; Wildavsky, eg 1979a: ppl8-62; Heclo & Wildavsky 1981: pp42-3). Thus, Authority B's Chief Accountant provided an instance of his 'guardianship':

"The chief officers were told to produce reductions which came to their share ... Now, we've got problems where the figures are not on. One thing was the ... News at a £10,500 reduction. But what that didn't take into account was some £3,000 in advertising income, so that the net cut is only £8,000 or so. There have been several examples of that" (Chief Accountant, Authority B).

To this extent, the picture presented was quite clear and even 'orthodox'. However, the 'guardian v advocate' conception began to break down when Treasury staff themselves were observed to permit service departments a certain level of slack as part of their own response to uncertainty:

"We've had an establishment and there is an annual budget based on that. Its fair to say that until now the budget was prepared year by year on establishment, not people in posts ... There's no harm to my mind in having a very thin layer of fat so long as you are prepared to dig into it from time to time. Alright, its a very pragmatic attitude, but Christ, one's got to be pragmatic" (Deputy Treasurer, Authority A).

Thus, Treasury staff also hoped to maintain 'reserves' of slack resources which could be called upon if needed to produce any level of

reduction suddenly becoming necessary.

Leaving aside their acquiescence in service departments' 'fat' or 'padding', though, it also emerged that Treasury staff actually pursued the accumulation of slack in other forms for themselves. Thus, in Authority A, much as Wildavsky (1975: p141) predicted for budgeting in "poor and uncertain" circumstances, the Treasurer outlined how he acquired his slack both by over-budgeting for anticipated expenditure and under-budgeting for anticipated income.

"In a different climate, so to speak, we'd have left working balances at £2m, [but] we allowed it to come up to £3m. That gave us £1m. When we did the inflation, again there were uncertainties ... Miners, the water authorities, they've all been breaking Mrs Thatcher's 6%, so we did it at 6% and in the end I put in £½m as a cushion against the forecast being wrong. That made it £1½[m]. I put in another £½m in revcons\* which may not be used that way unless the Council goes for a bigger capital programme than they appear to be anticipating. Then, when we did the grant our first go was £14.8[m] so I said 'There's bound to be some clawback or other, lets knock a bit off' so I reduced it to £14.3[m]. In the event our grant claim went in at £15m and clawback reduced it to £14.8[m]. Thats another £½m to the good as our budget says £14.3[m]".

While the political sensitivity of rates issues is a major factor in the brute fact of resource constraints, it is clearly not overriding! By the means outlined Authority A's Treasurer either 'salted away' sums or concealed income totalling £2½m in a revenue budget of just £30m. A similar picture emerged from Authority B with even larger sums (although relative to a larger budget):

"The Council could absorb a £4m grant loss without too much trouble, which is to say I made the budget anticipate a certain amount of penalty ... by contingencies and not allowing for savings. We have to work in mysterious ways because if it were known that we had something that could come out [Members] might not put the rents up or something like that" (Treasurer, Authority B).

(\* Revenue Contributions to Capital Outlay (RCCO)).

Within the constraints imposed by the brute fact of resource shortage, therefore, it emerged that both Treasury and spending department staff were prepared at times to defend or actively acquire slack resources. In some respects, given that both groups were after all operating within the same financial constraints and uncertainties, this is not perhaps surprising. In other respects it is more striking, particularly because it sits so uneasily with the 'guardian v. advocates' dichotomy often used to characterise Treasury-departmental interactions. This begins to suggest that the dichotomy itself is capable of being overextended (cf also Rosenberg & Tomkins, 1983: p28), and further evidence will confirm this in due course. However, from a closer inspection of the data it also emerged that there was a particular pattern to the applicability of 'guardians' and 'advocates', in that it was necessary to distinguish between 'above the line' current spending on goods and services largely by service departments; and 'below the line' spending on financial items such as debt charges, RCOO, balances, and also interest receipts, which were largely administered by the Treasurer's Department.

With 'above the line' spending, it appeared that so-called guardians and advocates in fact came rather closer to their archetypes in their respective attitudes to slack. Spending departments, as we saw, padded their estimates while Treasury staff, also prompted by the demands on them of resource shortage, were anxious to review spending and reduce the level of padding. Certainly, there were some exceptions to this tendency, notably where Treasury staff were observed above to acquiesce in a limited level of padding in service spending for reasons of their own handling of uncertainty or, as we shall see later where the Treasury acted as its own 'advocate' for its projects involving above the line spending (see also Rosenberg, 1982:

pp17-19; 1983: p34-5). Nevertheless, the point still stands: if the 'guardian v. advocate' dichotomy had any relevance at all to the observed accumulation of slack resources, it was on 'above the line' spending.

On 'below the line' spending, by contrast, we saw that Treasury staff in each of the authorities studied sought much more directly and consistently to build slack into the authority-wide items which were in effect 'their' budget heads, for which they were responsible. This included under-budgeting for grant income, in the knowledge that grant 'surplus' to budgeted levels would swell 'below the line' resources. To this extent the behaviour of Treasury 'guardians' had little to distinguish it from that of spending 'advocates' elsewhere in the budget process. Indeed, we shall see that the extra sums involved in Treasury slack were often rather larger than anything they ultimately saved in their role as 'guardians' by scrutinising service spending. With the 'advocates' out-advocated by the 'guardians' on some occasions, the guardianship role was then in fact filled by leading Members, mindful of the demands of balancing their budgets with the political pressures from an increased load on local rent- and rate-bases.

It might be argued that the accumulation of slack, whoever it is by, presents a basic contradiction. On the one hand we have attempts to economise in response to the brute fact of resource shortage, whether or not in the more confrontational 'guardians v. advocates' manner. On the other hand though, in response to the brute fact of uncertainty we have here attempts by both parties to accumulate as slack additional resources to those which were strictly 'needed' to maintain

services, or (implicitly at least) to divert resources away from actual service provision to create slack in the first instance. To some extent, this impression is justified: in many ways the perceptions and actions prompted by the brute facts of resource shortage and uncertainty are indeed contradictory, notwithstanding the close relationship between the brute facts themselves (see also Wildavsky's account of budgeting in "poor and uncertain" external circumstances, 1975: pp136-188). There is a discernible theme, however. Within the general recognition arising from the invalidation of the growth assumption that a level of economising is necessary, we shall see that there appeared to be a desire by the actors observed to control the implications for themselves of uncertain events and of any response taken to be necessary (cf Greenwood, 1983: p157). The accumulation of padding or slack was one means to this end, through its ability to make it less important what actually transpired externally.

It was around this theme that the highly complex set of interactions between actors perceiving and reacting to the two brute facts of resource constraint and uncertainty took place. The range of permutations revealed by the data was considerable. Sometimes, the need to economise was perceived to be paramount by all actors involved and to this extent there was a general unity of purpose, if only, as we have just seen, because service departments wished to retain control of where any necessary cuts were to be made. In other areas of the budget or at other times, though, where it was perceived that the brute fact of resource constraint did still leave room for choice, both guardians and advocates responded in similar ways to uncertainty by amassing padding or slack resources 'above' or 'below' the line. Much depended here on the Treasury's view of what it was expedient

to tolerate. In some areas of the budget 'above the line', a certain level of padding was felt by Treasury staff to be pragmatic, in which case any review which took place was presumably designed as much to 'know what was there' as to exact actual reductions in spending. In other areas 'above the line' or at other times, however, the relative importance of economising and uncertainty avoidance was not agreed within the authority, in which case the picture was one of Treasury 'guardians' exerting pressure on spending department 'advocates' to economise, whether through the removal of padding or deeper cuts. Finally, the Treasury also had a view of what was expedient in its own 'below the line' spending, and would if necessary initiate reductions in these areas as well. It should be emphasised that none of these possibilities were mutually exclusive within any single authority or even at any one time, but that they depended on the defined promptings of the 'brute facts' involved.

Further examples of the use of slack resources will be given in due course, but the position as we have seen it so far may now be summarised. Already, we have clearly come some way from any directly determining influence of uncertainty (and resource shortage) as, for example, would be implied by viewing these within a framework of action resulting from environmental 'contingencies'. As brute facts, uncertainty and resource shortage formed the context within which slack was consistently accumulated, but they cannot of themselves explain how and to what extent slack occurred where it did. Of course, ultimately if resource constraints were severe enough it seems likely that levels of slack would decrease (eg Levine et al, 1981: p212; Schick, 1983: p22) as areas of choice and discretion were also perceived to decrease - but in that event there would by definition be less uncertainty to which slack would have been the response. Where

there is uncertainty, as in the authorities studied, it is because the brute fact of resource shortage was less than determining and was perceived to have left areas of discretion. Once again, therefore, if we are to explain how this discretion was used, and if we are to explain how resource allocation processes operate to 'generate' slack, our attention is turned to the perceptions and interactions of the actors involved. This, though, is to jump ahead somewhat. The next step is to examine the second of the two responses to uncertainty to emerge consistently from the data, namely the use of the budget base.

(iii)(d) Responses to Uncertainty: The Budget Base as a 'Holding' Position

A budget is an expression of what it is intended should happen in the coming year (Wildavsky, 1979a: p1) yet, as we have seen, the constraints of the process are such that budgets in local authorities must largely be made without knowing what will happen to the finances on which they rest (eg Jones & Pendlebury, 1984: p63). The use of the budget base as a 'holding' position pending better knowledge of external events was a consistently observed response to the problems which this created.

The budget base is the re-priced and updated agglomeration of previous spending 'rolled forward' into the present year, and as such is the most important single concept within the incremental syndrome. It will be recalled from Chapter 1 that the syndrome posits as one set of reasons for having a budget base the cognitive limits of budgetary actors, which mean that a large area of existing activity will of necessity be taken for granted and left unreviewed, in effect because

it is simply asking too much of people to expect otherwise. However, as a description of the constraints upon budgetary actors, we have seen that the focus of the cognitive argument is predominantly upon the internal problems of budgeting arising from the sheer complexity of the task itself (eg Jones & Pendlebury, 1984: pp56-7; Wildavsky, 1979a: pp8-18). Here, though, the observed use of the budget base as a 'holding' position pending the impact of uncertain events owes less to the internal complexities of budgeting than to what cannot be known about what will happen externally to those allocating resources. Therefore, while this is still in its broadest sense an observation about the cognitive (ie as opposed to the other strand of incremental descriptions of resource allocation, namely the political) features of local authority life, it is of a different nature to the 'main' thrust of the overall cognitive limits argument. As such, it is relatively unusual. Perhaps its closest counterpart is the normative argument discussed by Jones & Pendlebury (1984: p57) that, given our difficulty in foreseeing those external events, incremental change is therefore 'best'. The difference here, though, is that once the base had been constructed in the authorities observed as the 'holding' position, and once more was known of external events, we shall see that change of any magnitude could in theory have resulted if events were perceived to allow it.'

Leaving aside whether it would be cognitively or politically feasible, budgeting without a base each year would ordinarily involve anticipating two sets of unknowns. As well as external events such as block grant levels, there would also be the scale and shape of the authority's set of activities in the process of being constructed. Taking existing activities - the base, in this case in the form of a 'standstill' parameter for the construction of estimates - obviously



allows this second area of uncertainty to be avoided. Subject to the final outturn for the base year, it allowed the actors observed to begin budgeting from the known or knowable position of what their authorities already did. However, in so doing, these actors then also enabled themselves to negotiate the first area of uncertainty, namely events external to their activities. In using the base they provided themselves with a criterion or reference point for evaluating these events as they occurred, in terms of their implications for this known set of activities.

The data suggested that the use of the base in this way was routine amongst the officers of the authorities studied, but that in each case the implications differed because it occurred under different perceptions of external events. Authority B in the first year of the research provided the most straightforward example. Thus, the Chief Accountant noted how:

"Block grant is in one sense irrelevant in that the budget is only what you need to finance your services. We've got to have our basic spend prepared so we can see what the grant looks like, but you could quite easily say, 'that's what we want for services so we'll rate for it and to hell with block grant'. Having worked that out then you've got the question of financing it ...".

Accordingly, Authority B's budget base - its 'spend' in the Chief Accountant's terminology - was drawn up as the 'holding' position until what he termed 'the rules of the game' became known:

"We got round to closing the accounts by the end of June, the earliest ever ... Having balanced earlier we could obviously start [the new budget] earlier ... You can prepare your budget more or less any time and the service estimates are not going to change a lot. What will change is the contingency and so on, and you can be fiddling around with that sort of thing right up until the rate meeting" (Chief Accountant).

Thus, with the outturn figure for the previous year fixed (and updated by the present year's estimates of commitments, although the quote does not show this), the budget base was fixed. At this point, the political parameters framing the overall budget were fed in and 'growth' items added to this base where these were decided upon. External events such as the new year's RSG Settlement were then assimilated as they occurred by manipulation of the estimates for the contingency fund and other reserves (and also, as we saw earlier on p75, by the accumulation of sufficient hidden slack to allow the Treasury to cover any grant penalties of up to £4m) to derive the required rate level to fund the overall budget. (For further details of the actual budget cycles in Authorities A and B, see pp97-9, below.) The role of the budget base underlying this process, both for officers and Members, is clearly visible. It should also be stressed that if for example the RSG Settlement had proved worse than anticipated, the 'growth' items in the budget could have been stripped off the base to allow this to become the reference point for deciding what further action was necessary, be this a standstill budget or actual cuts (see also Greenwood, 1983: p153).

Turning now to Authority A, a standstill budget also came about, in the same year as the above observations from Authority B, but from a rather different set of perceptions involving even more clearly the use of the base as a 'holding' position. Authority A was a rather lower spender in relation to its target (but still spending above it), which meant that the relative impact of additional or reduced block grant penalties - and thus the significance of the RSG Settlement itself - was perceived politically to be much greater. This was despite the success observed above (p75) of Authority A's Treasurer in accumulating slack resources. The result was that the original

'holding' position around the budget base passed from the officer arena into a political 'standstill' budget parameter in its own right.

The Deputy Treasurer articulated the perception beginning this chain of events. Such was the perceived significance of, and thus uncertainty around grant levels, that

"... given the grant situation, we have got to go on a standstill. Certainly for the present it cannot be countenanced to look at anything else ..."

The officer-level work of rolling forward the budget base was accordingly carried out on this standstill basis. The perception was then put by the Treasurer to Authority A's Leader. Whereas at this stage Authority B had in fact agreed some growth from its base budget, the Leader apparently balanced his views of the uncertainties around the grant system and the political demands of the situation as follows:

"We said, 'we don't know what's going to happen next year ...' The guideline was going to be that Committees should produce lists of things they would like to do, given the resources ... but because of the uncertainty on the revenue side what we said was, 'do it on a standstill'. That doesn't always ... end up at a standstill, when we get it all together Resources [Committee] might even have to say, 'it can't be a standstill, it'll have to be a minus', and then the agonising would start, but we're not in a position to say that at the moment. I've spoken to the Leader, when we got half-way through one set of guidelines and suddenly felt we couldn't go along that road and raise hopes and all the rest of it. He said, 'You'd better go away and write a standstill ...'" (Treasurer).

Accordingly, as the outcome of the political balance struck between raising hopes and the uncertainties inherent in the situation, the October budget guideline recommendations from the Treasurer (but endorsed by the Leader) were framed as follows:

"In the circumstances, the [Resources] Committee will realise that a final decision about the level of rates and spending cannot be taken until later. In the meantime, however, it is suggested that the guidelines set out will produce an information base on which the Committee can consider the financial options.

"(i) Draft estimates to be on a strictly 'standstill' basis ..."

The 'holding' role of the base, allowing uncertain events to be awaited from a position of known strengths and weaknesses (the 'information base') may be seen. Among the strengths, of course, were the slack resources which we have seen Authority A's Treasurer was able to accumulate in the base 'above the line' and in the financing items 'below the line', although these clearly did not entirely remove the perceived uncertainty of the situation.

However, the RSG Settlement for the year in question was particularly late, with the result that the "final decisions" referred to in the guidelines report just cited were never in fact taken in the form then envisaged. The standstill passed from being an essentially interim measure to being the channel into which Members' thinking about the budget was forced until it was perceived to be too late to change course. In this, though, it was helped by a factor entirely unconnected with the brute fact of uncertainty itself, namely the autocratic style of political leadership in Authority A. In effect, the authority found itself with little option but to accept the Leader's definitions of external events and the required action (cf Green 1980: p36). One dissident backbencher gave the view from his position:

"The first budget is always drawn up on a standstill, which is a simplification we could talk about if we got the opportunity, but we never do. The directive then went out to all Committees to prepare their estimates on the standstill basis, and that virtually became the budget, except for the last-minute fiddling around. That's the way it works. To a certain extent that's fair enough at the moment, they're under financial pressure but ... by taking the attitude they do they prevent other people having any involvement and by default they take the decision that 'this is all we can do, same as last year'".

The Deputy Treasurer later indirectly corroborated these comments:

"The budget went through on a standstill and the adjustments were made centrally, afterwards ... When we go [back] to Committee we have the drafts ready printed and if there's too many alterations we're buggered when we go back to the printers".

Politically reinforced in this way, the standstill parameter played its role in the negotiation of uncertainty right up to the rate-making:

"The 6% [rate rise] emerged fairly late on, actually. We had this terrible dithering on what the grant was going to be. We said a standstill, but if the RSG had been disastrous there would have been some agonising about whether to press on with it ... The rate rise emerged from a series of options about what course the RSG took - 'what do we do if it's this much, or this much, or this much?' Eventually we got a likely RSG figure and that along with the standstill figure produced the 6%" (Treasurer).

As in Authority B, it may be seen that the budget base was a major feature of Authority A's response to the brute fact of uncertainty. However, aided by features of the political configuration in Authority A, the use of the base went rather beyond what we saw in Authority B. Because of the greater relative political significance of grant issues arising from Authority A's spending level closer to its target, and thus the greater perceived level of uncertainty surrounding grant outcomes - the base was not merely an officer-level device or even the 'starting' point to which an increment of growth was then added: it

survived as the standstill parameter framing the budget which was eventually enacted.

We may now summarise the uses made of the budget base. Once again, we have come a long way from the brute fact of uncertainty itself. Both budgets studied here were in the same financial year operating under the same constraint of late notification of grant levels, yet, while the use of the budget base in some way to negotiate uncertainty was consistent, the actual role it was made to play by the actors involved varied greatly between the authorities. We saw that in each case, this role was governed by a series of political perceptions.

Authority B, as a higher spender by political inclination, perceived the impact of additions or decreases in penalties as relatively less severe:

"A lot of councils aren't being penalised ... and want to still be just under their target or whatever, so they need that figure before they can work out what they are going to spend. As it is, we're so far above target we might as well work out what we want to do, then take account of the rules of the game" (Chief Accountant).

Authority A was much more like one of the authorities referred to by the Chief Accountant (although it was actually paying a certain level of grant penalty). A greater perceived significance of grant penalty levels - and thus the uncertainty experienced - was a function of its own political predisposition towards more cautious spending, but in this case also reinforced by the entirely separate matter of the autocratic style of leadership practised. It is therefore concluded once again that while the brute fact of uncertainty provided the context for the use of the budget base in each authority, the actual impact of this tactic on resource allocation in each authority was not determined by the external 'contingency' of uncertainty, but arose

from the perceptions of those actually allocating the resources in uncertain circumstances.

#### (iv) THE BRUTE FACTS IN LOCAL AUTHORITIES' CONTEXT: OVERVIEW

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We have seen that for all their undoubted importance, the two key factors in the external circumstances of the authorities studied - resource constraints and uncertainty - did not determine action or outcomes. Indeed, uncertainty existed because the government's attempts to influence, rather than control, expenditure meant that resource constraints were in effect less than determining. Local authorities retained substantial discretion as to their actual spending levels (and objectives) and it was in exercising this discretion that the observed uncertainties arose. Accordingly, conceptions of organisational responses such as contingency models where action is seen as the direct causal outcomes of external factors do not appear to be realistic or appropriate. It was suggested that resource shortage and uncertainty were in Tomkins' (1983: p3) and others' terminology "brute facts". They set the context within which activity took place, and were undoubtedly 'taken account of' by the actors involved, often in ways that were consistent between authorities, but which left sufficient scope for variation such that they could not be said to determine that activity.

Thus, a greater willingness to review service means and efficiency, but not the justification of services per se, and the greater level of dissensus within authorities were consistent responses to the brute fact of resource constraint; the accumulation of slack resources and

the use of the budget base as a 'holding' position were consistent responses to uncertainty. However, levels of expenditure vary substantially between authorities, and as we shall see so did the forms of review and dissensus in the authorities studied, in response to resource shortage. Equally, the use of slack was often directly in the face of resource shortage and it also varied within and between the authorities studied, as did the role which the budget base was made to play in response to uncertainty. In each case these areas of variation were attributable to highly complex interactions around the brute facts by the actors observed actually allocating resources, with the result that, through the medium of those actors, the actual contingent impact of the brute facts on outcomes was itself effectively a variable (cf also Tomkins, 1983: p62).

In a nutshell, these are the features with which incremental conceptions of resource allocation must live. They must explain how the observed variations in both processes and outcomes (eg Wanat, 1974: p1221) actually arise. At the same time they must accommodate the observed consistencies within these processes, and also the role of the perceptions of the actors involved in fixing the precise impact of external events within each authority. With these criteria in mind we now turn to examine the incremental syndrome itself. In many ways, the omens are not promising - for example, we already have one explanation for the presence of the budget base capable of standing apart from those usually advanced, and we have seen that review of budget bases in general has deepened. We are also trying to explain variations in processes and outcomes when, in its cognitive limits variant at least, the logical impact of incremental processes would be uniformity and marginal change (eg Danziger, 1978: p144). In many ways, these misgivings will now be seen to be well-founded.



PART II. COGNITIVE FACTORS IN RESOURCE ALLOCATION

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## CHAPTER 4: INCREMENTALISM AND COGNITIVE LIMITS

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### (i) INTRODUCTION

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Echoing, eg, Bailey & O'Connor (1975: p65), Danziger (1978: p125) notes of incrementalism that:

"It is useful to distinguish between two streams of reasoning which are often fused into a single explanation. The first concerns the nature of the budget and the limits of cognitive capacity; the second deals with the content of budgetary allocations relative to matters of realpolitik".

There is of course an element of arbitrariness in this division.

'Politics', in a sense, occurs because there are seldom answers which are universally and obviously 'right', and still less is there an agreed overview of an organisation's - particularly a local authority's - range of activities. People are able to offer only partial answers or solutions as their 'points of view', and it becomes necessary to reconcile these. To this extent, politics is of itself a 'cognitive limits' phenomenon: indeed, we shall see in Chapters 6 and 7, below, how actors in the authorities studied actually used political interactions with each other to derive an answer where none - or several - were immediately apparent. Nevertheless, following Danziger, the two strands are separated here, thereby giving greater ease of coverage and also allowing us to see important areas of inconsistency between them. Reflecting the sequence in which the writer's attention was engaged by the emergent themes in the data (see Introduction and Appendix), it is the first strand, cognitive limits, which concerns us here.

As we saw briefly in Chapter 1, an emphasis on the cognitive limits of

policy and resource allocation actors is an emphasis on how they cope with the physical and intellectual demands of budgeting. It is held that actors are hindered by their cognitive limitations relative to the sheer magnitude of making and reviewing a budget, particularly were they to attempt this from scratch (Jones & Pendlebury, 1984: pp56-7). It is also held to be impossible to decide objectively between competing service priorities (eg Wildavsky, 1975: p318; see also Self, 1975: p153), let alone form an overview of an authority's entire set of priorities (eg Wildavsky, 1979a: pp15, 62). Accordingly, rather than attempt to optimise, consciously or unconsciously and by a variety of means, the actors involved 'satisfice' (see below).

It has to be said immediately that it is difficult to see how this cognitive argument may usefully be said to apply to - ie influence - resource allocation outcomes. It is an argument primarily about the nature of resource allocation processes rather than their content (eg Danziger, 1978: p204), and hence does not directly address the issue of outcomes at all, except to specify that these will not be more than marginally different from their predecessors. This does not sit at all easily with the variations in outcomes between authorities which we have already observed on pp58-63: while these variations have arisen over time, and perhaps even in incremental stages, the cognitive argument nevertheless does not explain how they have come about, and how different trends have emerged in different (though similar) authorities. Danziger (and others) make the point as a criticism of the cognitive argument, but leaving this aside for now, it is therefore with the ability of the cognitive arguments to explain the nature of resource allocation processes that this chapter is overwhelmingly concerned. Here, if the cognitive argument is to be of

value, it is to the various allegedly satisficing techniques actually in use that we must look. Of course, a great many actions or features of resource allocation could be made part of a satisficing strategy, whether consciously or not, or they could themselves be satisficed. However, the data from the authorities studied provided evidence of a number of features specifically cited in work on resource allocation, and it is on these that we concentrate here.

Thus, rather than the rational pursuit of optimised and explicitly thought out objectives, it is held by incrementalists that the purpose of action is in effect simply to satisfy the 'criteria of the moment'. The aim is to pick the first available course of action which allows one to 'get by', or as Wildavsky (1979a: p113) puts it, to "avoid trouble" or "make the best of it", and there is therefore scope only for "... remedial rather than Utopian objectives"

(Archibald, 1970: p76). In many ways, from what we have just seen the creation or retention of slack resources and the use of the budget base as a 'holding' position pending better knowledge of outcomes also fit into this category, in that they are not ideal practice but allow those allocating resources to 'get by' in the face of uncertainty which would otherwise be disabling. However, (and this underlines its inability to explain the variation in outcomes observed in the previous chapter), the cognitive strand of incrementalism is concerned not so much with external events, as with the internal constraints on resource allocation. Thus, in the face of the size and complexity of their tasks, it emerged from the data that resource allocation actors appeared to satisfice either by using heuristics (aids to calculation), or by using other devices to restrict the range of options to be considered and work needing to be done. These arose in the following areas.

Devices for dealing with the physical size of workload, or with the body of knowledge required to perform a function. In effect, these would have been responses to the physical scale of the cognitive requirements of allocating resources, and in the authorities studied they included:

- factoring problems over time, by sequential or serial 'bit-by-bit' approaches rather than a 'once and for all' application of effort (see, eg Wildavsky, 1979a: pp11-12, 60; Danziger, 1978: p127);
- factoring problems through the organisation by using the hierarchy and the division of labour to permit selected gaps in one's own knowledge (see, eg Argyris, 1977: pp115-117). It might also be noted that Wildavsky (eg 1983: p34) would see pluralist interactions between actors as achieving the same result, although this raises separate political issues and is discussed later.

Devices for dealing with value decisions. In effect these would have been responses to the nature of cognitive requirements - to the intellectual demands of assessing and comparing often very different priorities or levels of activity - if only by avoiding having to do so. In the authorities studied they included:

- 'line-item' budgeting, focusing on budgetary detail thereby losing the priorities embodied in that detail (eg Jones & Pendlebury, 1984: pp51-6; Danziger, 1978: p183; Wildavsky, 1979a: pp59, 135, 221).

- The use of sums of money (eg Danziger, 1978: p183) and measurements of percentage change, reified as indicators of service levels, both as a heuristic to make budgeting itself easier and to allow a 'common currency' between differing services so that debate on resource allocation may actually take place.

The use of the budget base, embracing aspects of the above as a response to problems both of the scale and of the nature of the cognitive requirements of allocating resources. Here, we come to the heart of the 'classic' incremental view. Within the cognitive strand of incrementalism it is held that areas of the budget pass each year as an unreviewed, taken-for-granted 'rump' of expenditure, on the tacit or explicit understanding that the priorities it embodies continue to remain valid. Attention may then be focused on the greatly narrowed range of options at the margin rather than on the entire area of the budget (see, eg, Schick, 1983: p3; Danziger, 1978: p19; Gershuny, 1981: p196; Haynes, 1980: p104; Wildavsky, 1979a: pp11-14, 62, passim; Jones & Pendlebury, 1984: pp56-7).

There is a certain amount of overlap between these categories: thus, line-item budgeting might conceivably also be a simple cognitive 'short cut' to cope with problems of workload, and sequential approaches to problems could also quite conceivably be employed to avoid having to make explicit or make at all the value decisions underlying them. However, the categories used here will be seen to be the most helpful in presenting what actually emerged from the data.

Further, although these categories are described above for convenience as 'devices' or 'responses' to the cognitive problems of allocating

resources, it is important to remember that relatively few writers if any (Danziger, 1978 is a notable exception) have sought to show that the behaviour in question is explicitly related to these cognitive problems. Rather, the connections are advanced more in the nature of 'plausible hypotheses' put on behaviour on the basis that it appears to play a particular cognitive role. Until these connections are established as a matter of fact, therefore, there remains the risk that the supposed cognitive role is no more than an external imposition. From the point of view of the actors involved, of course, the role might in any case be unrealised or unspecified - but worse, it might not actually exist, in which case we would not be explaining the resource allocation processes observed but merely putting our own construction upon them.

As we shall now see, it would in fact have been possible apparently to 'verify' these plausible 'hypotheses' (although it should be stressed that they were not of course 'tested' as such during the research, and thus in no way structured the actual collection of data), from the behaviour observed in Authorities A and B. The problem was, though, that they frequently did not stand up to a more detailed examination of the data, or that there were other equally plausible explanations which emerged from the data at the time, and which also fitted the observations. While it is not disputed that there must ultimately be some upper limit on human cognitive abilities, this suggests at the very least that the 'cognitive connection' is in need of further investigation. To this end, we now examine in turn each of the three areas outlined above, showing first the apparent support for the 'hypothesis' and then the evidence which emerged from the data causing doubt to be cast on them.

## (ii) COGNITIVE PROBLEMS OF SCALE

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### (ii)(a) Plausible Hypotheses

Incrementalism holds, in effect, that budgetary actors would in an ideal world know more about their organisations' internal activities than it is in fact humanly possible to know. Accordingly, it is argued that they adopt certain techniques for making their workloads bearable to allow themselves to 'get by'. The apparent obviousness of such a statement is in many ways overwhelming, and predictably enough many of the actors studied displayed their own particular responses to the problem:

"At the time of the budget some of us are here until 11 o'clock at night".

"I throw away as much as possible".

"You get more aware of the sort of things you are looking for".

"It comes back to a concept I remember John Stewart saying at INLOGOV, 'If a job's worth doing, it's worth doing badly ...'".

"I speed-read, that's very useful, and I've got a good memory".

"It's a matter of having set criteria of what you are going to deal with".

"I get to know each Committee's reaction and therefore I gauge the amount of mugging up I do beforehand".

More specifically though, we saw in the introduction to this chapter that there were two particular aspects which, following apparent corroboration by other writers such as Wildavaky, (1979a: pp11-12), might plausibly be 'hypothesised' from the data as responses to cognitive problems of scale. The first of these was introduced as the factoring of problems through time, with repeated and sequential



initiatives in pursuit of a particular problem rather than a 'once and for all' application of effort. Thus, in Authority A, there were clearly defined perceptions that one 'had a first stab' at solving any large-scale organisational problem, rather than trying to solve it in one effort:

"Like anything else, it's one step at a time" (Assistant Treasurer).

"Last year's budget was a first stab at our new format. We used to do a subjective split on IPFA recommended headings, but the government have been pushing for unit costs so we tried it. While being far from perfect, I mean, we wouldn't pretend they were ideal, at least they were a start ... some were good, some were a bit nebulous as cost centres. Some items are there because in the time we had available we couldn't think of anything else. Next year they won't be" (Chief Accountant).

"You always have a pecking order and the really bloody difficult bits you don't go at first, so your policy [is one] of building up a process ..." (Planner).

Similarly, in Authority B, an experiment with what was labelled 'zero-base budgeting' (of which more later) was initiated, in the words of the Chief Accountant, "on a suck-it-and-see basis" involving at first just two budget codes, partly to gain experience for a wider application.

On a slightly different note, a very good example of factoring an overall task through time in this way, albeit within one year, might be the budget process itself. Both Greenwood (1983: pp152-66) and Jones & Pendlebury (1984: pp62-3) provide a detailed breakdown of either observed or 'specimen' budget cycles in local authorities, albeit concentrating on different aspects. The salient features of the cycle in Authorities A and B were as laid out in Figure 1 below. The emphasis here is possibly slightly more on the pivotal role in the process of the RSG Settlement than in either Greenwood (1983) or

Figure 1: Budget Cycle in Authorities A and B

<u>Stage</u>	<u>Time</u>	<u>Activity</u>
1	June-August	Derive outturn for the previous year and assess implications in the present year of known inflation (pay and prices) and commitments within this base, to bring it into the present year.
2	July-Sept	"Crystal ball time" as Authority B's Treasurer put it: A forecast of events (eg inflation on pay and prices, interest rates) in the remainder of the present year and that forthcoming is arrived at, and applied to the updated base in order to assess the implications for the present year's projected outturn and beyond.
3	Sept-Oct	Consultations with leading Members to set the budget guidelines and parameters on the basis of this forecast. In Authority B, as we saw earlier, in the first year of research, a certain amount of growth was permitted although always with the assumption that the base could be returned to if necessary; in Authority A, perceived uncertainties surrounding the grant outcome dictated that the standstill parameter be maintained.
4	Sept-Dec	Preparation of draft estimates on the guidelines formulated. Even in Authority A, with its standstill in the first year of research, there was some redistribution within this.
5	Dec-Jan	RSG Settlement assimilated: as we saw, it was fervently hoped, by prior provision of slack or the manipulation of balances, rather than by adjustments to service spending itself.
6	Jan-Feb	Committee deliberations on their estimates; any necessary adjustments made and forwarded to the central Finance Committee.
7	March	Budget passed and rate made accordingly.

Jones & Pendlebury (1984), although the differences are not great. In very simple terms it is plausible, therefore, to view the budget process as the allocation of parts of the overall task throughout the year, about this point, in order to make it manageable. Rather than, say, attempting to construct the entire budget after the RSG settlement, common-sense dictated, to the point where it was never even questioned, that as much as possible should be done before the settlement albeit in a form where it was hoped that any necessary adjustments subsequently could be made with a minimum of fuss or dislocation.

The second specific approach observed which, on the basis of apparent corroboration of other writers (eg Argyris, 1977: pp115-17), might plausibly be 'hypothesised' from the data as a response to cognitive problems of scale was introduced as that of factoring through the organisation. In effect, the tactic was one of actors coping by using the organisational structure and division of labour to allow themselves not to have to know about certain areas:

"In my first few years I was trying to know more than I could know. Now I trust people and they are on their own. If there are clangers, I don't know about them, which is probably just as well for my health!" (Solicitor, Authority A).

"The engineer's finance officer knows his section better than we do, so he obviously goes into it in some detail and we, to a large extent, take what he says. Really, we've got to use his judgement. Hopefully he does a bit of investigation first" (Chief Accountant, Authority B).

Once again though, a particularly clear example of this response would be in the budget process itself. Wildavsky (1979a: p59) for example, noted that the US budget process may be seen as a set of interlocking specialisms and we may see what he means in relation to local

authorities in this country from Figure 1 above. Thus, of the stages shown, stages 1, 2, 4 and 5 primarily involved the officers' side of the authorities studied, with stages 6 and 7 involving the Member side, and stage 3 was something of a joint effort. Further, within the officers' side, stages 1 and 4 involved lower level technical work while stages 2 and 3 involved higher level chief officers, with stage 5 again being in the nature of a joint effort. While these distinctions are admittedly crude, in the diagram form shown in Figure 2 below, they allow one to see very clearly the division of labour and allocation of tasks within the cycle as a whole.

Figure 2: Budget cycle in Authorities A and B - interlocking tasks

Stage from Figure 1	1	2	3	4	5	6	7
(a) Member			x			x	x
(b) Senior Officer		x	x		x		
(c) Technical	x			x	x		

Concentrating a little further on the division of tasks within the officers' side of the authority (rows (b) and (c) in Figure 2), it emerged that to a considerable extent this revolved around the role of 'accounting' and 'strategic' information within the budget process. Clearly, any budget demands a combination of both functions, with the technical details of constructing estimates guided by a wider strategic view of events within and outside the authority. The result of this division of labour was that in many cases senior (first and second tier) officers were enabled to escape almost entirely from the technical detail:

"I am in charge of the accounting division, but I'm not a book-keeper. I'm kept aware of the major items that I should be aware of. I'd much rather [chief accountant] sorted out a problem, he knows where to look and where the records are" (Assistant Treasurer, Authority A).

"I would say about 75% of this game is having a feel for things ... for personal relationships, the idiosyncrasies ... the political sensitivities of each item" (Solicitor Authority A).

"Accounting feeds and provides information for strategic considerations ... I'm a strategist, I take the accounting side for granted" (Treasurer, Authority B).

"I would think about the strategic side, and then say to someone 'If we did so and so, what's the financial effect?' and they would do the accounting side" (Treasurer, Authority A).

Further details of the respective uses of accounting and strategic information will emerge shortly.

Once again, therefore, at this fairly simple level observed features of activity in the authorities studied - in this case the basic division of labour and allocation of tasks, particularly within the budget process - might plausibly be seen as responses to cognitive problems of scale. This is not of course to imply that these responses were actually consciously thought out, although that remained a possibility where, for example, new procedures were set up:

"... in future [name] will ... build into the process ... a niche for me to interview chief officers... The idea would be that I would be briefed by my fellows about where the likely weaknesses would be and I would question ..."  
(Treasurer, Authority A).

On balance, though, it seemed more usual that actors inherited and largely accepted, rather than shaped for themselves, the division of labour which of itself represented for them the factoring of problems through the organisation in the manner outlined.

## (ii)(b) Cognitive Problems of Scale: Plausible Doubts

While admittedly in fairly elementary terms, it may be seen that a plausible 'hypothesis' might be arrived at from the data, with corroboration from eg, Wildavsky (1979a), Argyris(1977) and Jones & Pendlebury (1984), that the practices of factoring problems through time and through the organisation represented responses to cognitive problems of scale. The actors observed had too much to do or know and therefore, it might appear, they knowingly or unknowingly used tactics which allowed them to spread the load through time and through the organisation.

For all the plausibility and apparently straightforward nature of the argument, though, there are a series of equally plausible alternative explanations for much of the behaviour observed and a series of doubts about the accuracy of a cognitive limits 'hypothesis' of the reasons for this behaviour. Thus, much of the behaviour observed might equally plausibly be explained in terms of other, commonplace facts of organisational life. To illustrate this, let us suppose that the actors in question could in fact run their authorities and in particular their resource allocation processes without recourse to either of the two factoring strategies outlined. The key question then becomes whether that behaviour would continue to occur, and there is substantial evidence to suggest that it would.

To take the factoring of problems through time first, at the simplest level, while we saw from Figure 1 that the final adjustments to the budget process took place in February and March, it would obviously be nonsensical to expect them to occur before the RSG Settlement was assimilated. Or again, we saw from Figure 1 that the first stage of

the budget process - compiling the previous year's outturn - took place by June or August at the latest. One non-cognitive explanation for this would have been the statutory requirement to fill out the Revenue Outturn (RO) series of statistical returns for the government, and to close the year's accounts by September 1. Originally, the timing of the demand for ROs and closure may have reflected then-existing practice, but the statutory constraint they now represent would be sufficient to determine for any authority wishing to remain within the law the latest possible date for assessing its outturn. A third non-cognitive constraint upon the completion of particular parts of the budget by certain times might have been where estimates have to be prepared to allow bids for certain specific and supplementary grants such as that for transport (TSG, which at the time of the research was still a revenue grant).

Moving beyond the budget process itself, there are further plausible non-cognitive explanations for the sequential pursuit of policy objectives from budget to budget. We saw in Chapter 2 that the artificial impact of a one-year budget period is more than sufficient to 'explain' an apparently gradualist approach to long-term objectives, particularly at a time when resources may not be sufficient to realise those objectives as single projects. Is the factoring of problems through time which is at issue here, as a 'hypothesised' response to cognitive problems of scale, any different from this? Without probing further to see whether each increment of activity is simply a piece of ad hoc satisficing, or whether it is coherently related to the overall objective, it would be difficult to know. Only in the former case, though, would the cognitive limits 'hypothesis' be explaining something which the artificial impact of the one-year budget period or even the brute fact of resource

constraints could not. Even then, though, the cognitive 'hypothesis' does not have the field to itself, because we shall see in due course that satisficing behaviour and the factoring of problems through time may very easily be explained by political (big and small 'p') factors likely to be operating within any local authority.

Turning now to the organisational factoring of problems by means of the division of labour, similar considerations apply as those with the time aspect. Even if one actor could construct a local authority budget on his own there are relatively obvious reasons why he would not. As Wildavsky (1979a: passim) grasps so clearly, budgeting involves allocating insufficient resources between competing and often very different demands. A single overriding system of values unambiguously but consensually guiding resource allocation is therefore highly unlikely (cf also Gershuny, 1981: p195). This means that our single actor, leaving aside entirely the likelihood of the situation, would become in theory an arbitrator between these claims, which would present cognitive problems of an altogether different order, as we shall see in Part III of this thesis. As a result, as Wildavsky puts it in another context:

"Intellectual cogitation - putting people through their paces guided by a single intelligence - would give way to social interaction as each bid and bargained with the other ..." (1983: p34).

The point is, of course, that local authorities already have elected fora for just this purpose, which would then 'explain' at least the basic officer-Member division of labour within them. It might be argued that, viewed in the round, the basic political structure of a local authority is still a response to cognitive problems, in this case of making value decisions, by allowing the political process to



'make' those decisions as it were on behalf of the actors in it. We shall see that there is some truth in this - but it is a separate issue and explanation from that offered by the 'hypothesised' cognitive problems of scale examined here.

However, the argument concerning the factoring of problems through the organisation may then be taken a step further because, leaving aside the presence of alternative explanations of the division of labour, there are doubts about the cognitive 'hypothesis' itself. On one level it emerged that the willingness of each actor to pass on, or 'factor' what might otherwise be his workload or the knowledge requested of him varied considerably. This will become apparent in succeeding chapters: nevertheless, as one immediate example while we saw (p100 above) that Authority A's Deputy Treasurer had relatively little exposure to the minutiae of accounting, his counterpart in Authority B was in an altogether different position, being much more of a 'mainstream' accountant. Further, as a more general observation, we shall see that the degree of centralisation of both detailed work and policy decisions was greater in Authority A than Authority B (notwithstanding the respective roles of their Deputy Treasurers), indicating a lesser willingness to factor problems through the organisation. Of itself, the cognitive hypothesis of problems of scale arising from workload and knowledge requirements has little to explain these variations.

What we have seen raises the possibility that cognitive problems of scale may be negotiable. These suspicions were strengthened where the applicability of the cognitive hypothesis appeared to rest not entirely with the innate capacities of each actor (which we have seen are at the core of the whole cognitive limits argument), but at least

partially with the level of resources made available to meet any problems posed. Without implying that given sufficient resources all cognitive problems including those of scale are a priori solvable, there appeared to be a range where cognitive constraints and the level of resources made available traded off against each other. By 'resources', ultimately one is usually talking of money, but the trade-off can happen in a number of ways, staff time being one example. While we have seen that there were certain 'fixed' points in each authority's budgetary process which could of themselves explain why it was spread through much of the year, it also seems relatively obvious that additional staffing resources could make managing the demands of the process easier for those involved. As another example, we saw earlier on p97 that incremental modifications were made to Authority A's budget presentation. After the first attempt some of the unit cost data was still less than ideal, by the admission of the actors concerned, but these areas were scheduled for improvement in coming years:

"Some of the items are there because in the time available we couldn't think of anything else. Next year they won't be" (Chief Accountant, Authority A, emphasis added).

As things stood, this was an example of factoring a problem through time in preference to a 'once and for all' effort - but the implication is clearly that, given sufficient staffing resources a much 'better' job could have been done at the first attempt.

Another instance of the trade-off between resources and cognitive constraints revealed by the data was the application to resource allocation of computers (eg Greenwood et al, 1977: p27). There were potential implications here for both the time and organisational

dimensions of the factoring 'strategies' observed. Now, the precise potential of computerisation is somewhat contentious, with Wildavsky (1983), for example, expressing considerable scepticism as to its value. He makes an important distinction between mere data, and information as "[d]ata arrayed so it makes a difference to what we do ..." (1983: p30), arguing that to be usable as information, data must somehow be regulated, filtered or presented in *précis* (1983: pp33-39; cf Brunsson, 1982: pp34-35). The problem, though, (Wildavsky argues) is that with no internal 'market' to establish and define a demand because data is seldom charged for, it 'just keeps on coming' as data processing sections seek to justify their existence by the volume of their output (1983: p35), when in fact less rather than more data may be what is needed (1983: p39). Small wonder then, on this analysis, that organisations have "failures of power" (Desai & Crow, 1983: p195) or "failures of learning" (Etheridge & Short, 1983: pp55-6), where they fail to use the information available to them: there is simply too much of it, and it may well not be in usable form. This is a valid point. Tomkins (1983: p11), for example, shows how in one authority both the police force's and the social services department's accounting systems supplemented the formal computerised accounts system, to make up for shortcomings in its output.

However, the experience from the authorities studied here suggests that Wildavsky then overstates his case. He goes on to argue that even where *précis* are made available, as for example in the more interactive micro-computer based information systems, the demands of tailoring such installations to individual requirements and interpreting to the user the omissions and value premises inherent in the *précis* offered him, will soon offset any advantage gained (Wildavsky, 1983: p33). We shall see shortly though, that in the

preparation of estimates in Authority B, a computer system was used to present accounting information on-screen in summary form, often compared with a profile for the relevant code, as and when that information was required. The principle user observed - the Chief Accountant - needed no support in tailoring or interpreting the summaries provided because he had helped to design the system and construct the profiles, which in any case operated in terms of the known and familiar categories - and value premises - in Authority B's budget. Further, the data did not 'just keep coming' because it was not controlled by a data processing section but by the Treasury itself: the Chief Accountant used the screen to gain the necessary information as and when it was needed. While the rationale and shape of the actual profiles used was not observed to be reviewed - which of course places the scope and limitations of the system in some sort of context - the Chief Accountant gained a more rapid and comprehensive access to the information he would have needed even had the computer not been available. Budgeting was speeded up, and at the same time the depth of review and questioning routinely achieved was rather greater. The cognitive constraints arising from the scale of constructing that budget and the amount of information required were to the same extent negotiated.

#### (ii)(c) Cognitive Problems of Scale: Overview

We have seen that certain features of the activity observed - chiefly, the factoring of problems through time with the sequential or serial pursuit of objectives, and the factoring of problems through the organisation with the division of labour - emerged from the data and were apparently corroborated in the context of the cognitive limits

argument by other writers in the field. On this basis, a plausible 'hypothesis' could have been constructed that these types of behaviour were responses to the cognitive burdens imposed on those allocating resources by the physical scale of their task and the body of knowledge required. In particular, the budget process itself appeared on this cognitive 'hypothesis' to offer clear examples of both factoring responses in operation.

However, it was also shown that there were equally plausible non-cognitive explanations for the behaviour observed, based on commonplace features of local authority life or even on the direct impact of the brute fact of resource shortage. At the minimum, this suggests that the precise role of the cognitive limits of individual actors needs to be examined more closely: on this evidence, as an explanation of their behaviour it may be somewhat redundant. Further, though, it then emerged that there were variations in response to cognitive problems of scale which suggested that they were to an extent capable of being negotiated. These suspicions were increased by the evidence that the level of cognitive problems of scale experienced may be a function of resources made available to overcome them. That there are ultimate limitations on cognitive abilities is not questioned, but the scope for negotiation within this picture begins to become clear.

### (iii) COGNITIVE PROBLEMS OF VALUE DECISIONS

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#### (iii)(a) Introduction

Having discussed the cognitive problems which are held by the

incremental syndrome to arise from the physical scale of the requirements made of budgetary actors, we now turn to the second area outlined in section (i) above, that of making value judgements between policies and priorities. It is important - though often not easy - to maintain a distinction here between the political impact and problems of value judgements, and the cognitive constraints upon making them. It is the latter which are at issue here, with the political dimension discussed at some length in later chapters. The distinction is necessary because very different conclusions about each of these strands of the incremental syndrome will emerge.

Two particular types of behaviour appeared from the data to be corroborated - although in one case only partially - in a cognitive context by other writers, and these are therefore treated here as the 'plausibly hypothesised' responses to the cognitive problems of making those value judgements. The first of these was a focus on the concrete detail of the budget rather than on policy alternatives, often held by other writers to occur through the use of a 'line-item' budget format. The second is the use of sums of money and calculations of percentage change, reified as a 'cognitive shorthand' for actual service levels to provide a common 'currency' for debate on allocation priorities, and as a means of avoiding value decisions in the routine officer-level process of rolling forward the budget base and preparing estimates. These are now discussed in turn. Once again though, we shall see that, while the cognitive role of these devices could have been 'plausibly hypothesised' from the data and on the basis of corroboration by other writers, on closer inspection there emerges some equally plausible doubts.

(iii)(b) Cognitive Problems of Value Decisions: Line-Item Budgeting

It is held that one aspect of budgeting is the systematic losing of the wood for the trees. The focus of budgeters is on the detail of the local authority's activities rather than on policy decisions or value choices (eg Danziger, 1978: p183; Wildavsky, 1979a: pp136-7) thereby, it is held, allowing these latter to be perpetuated almost by default, within and across the 'line-item' categories often used (Wildavsky, 1979a: pp59, 221). To adopt a useful distinction made by Jones & Pendlebury (1984: p51) the focus of 'line-item' budgeting is on the nature of expenditure rather than its purpose, presumably because this is easier to define and rather more 'obvious' to budgeters. Line-item budgeting may conceivably occur for political reasons and certainly has a political significance, but the cognitive argument is that line-item budget categories are easier to construct because they are concrete and somehow more 'objective', being pre-given as existing and visible features of an authority's accounts. The contrast, especially in Wildavsky's usage (eg 1979a: pp59, 187-9), is with essentially subjective programme categories whose objectives may be disputed and thus, to budgeters, not 'known' - even while the existing activity in question is occurring.

Taking this argument as the ex post facto 'hypothesis', the data again appeared, at first sight, to offer supporting evidence. Thus, in their very broad summary example of line-item budgeting, Jones & Pendlebury (1984: p51) list such categories as "Employees", "Running Expenses", "Grant Income", and so on. Figure 3, below, shows that this is a similar format, again at summary level, to that adopted by Authority B, albeit with the addition of committee sub-divisions. However, it may be seen that even with this very basic addition of

Figure 3: "Subjective Analysis of Net Expenditure, 19xx/xx", Authority B

	Arts & Re- creat- ion	Educ- ation	Roads & Works	Fin- ance & Gen- eral	Hous- ing	Soc- ial Ser- vices	[etc]	Total
	£	£	£	£	£	£	£	£
Salaries:								
Wages:								
Running expenses:								
Maintenance:								
Fuel, light etc:								
Rent & Rates:								
Equipment:								
[etc]								
Debt Charges:								
<u>Total Expenditure:</u>								
Income Fees & Charges:								
Government grants:								
Rents:								
Other:								
<u>Total Income:</u>								
Total Budget:								

committee sub-divisions the presentation begins to move away from the 'pure' line-item format, in that it allows a certain amount to be inferred about the purpose of the expenditure shown, just from the column headings. Given that the committee structure is axiomatic in local authorities, notwithstanding Wildavsky's observations of the US budget process (eg 1979a: p59) it therefore seems unlikely that,



except perhaps in more general summary analyses, a 'pure' line-item format will be common in this country (see also Jones & Pendlebury, 1984: p52). Certainly, there were no examples in the authorities studied here.

A second reason why budgets are unlikely to retain a 'pure' line-item format - or indeed, except as a summary, the format in Figure 3 - is that without identifiable responsibility centres any form of financial control would be difficult or impossible (Jones & Pendlebury, 1984: p52). At the very least, therefore, as in Authority B, authorities are likely to adopt the CIPFA standard format or something close to it: this is more detailed than the presentation in Figure 3 and moves further away from a 'pure' line-item basis by giving more information on the purpose of expenditure (Jones & Pendlebury, 1984: p52). An example, this time from Authority B's detailed budget, is given in Figure 4, below. Here, while the line-item categories remain, the allocation of responsibilities for various items and areas of expenditure may be seen from the major headings on the left, and the purpose of the expenditure becomes clear from the heading of the example, in this case relating to an Advice Centre. One might describe this format as an 'enhanced line-item' budget: while, to repeat, its purpose is to allow financial control of the responsibility centre rather than, say, any specific prioritising, the fact remains that as a responsibility centre the Advice Centre is allowed to emerge from its constituent line items as a separate area of provision in its own right, thus distancing the presentation further from 'pure' line-item budgeting. Indeed, although it was not the intended purpose, it is worth noting in view of the 'hypothesised' role of line-item budgeting that this analysis could, in principle, allow the relative fortunes of the Advice Centre or advice centres

Figure 4: (Truncated) Format of Detailed Budget, Authority B

[NAME] ADVICE CENTRE      Environmental Planning Committee (cont'd)

(MAIN CODE: 153)	Actual [Prev Year]	Estimate [Present Year]	Revised	Estimate [Budget Year]
<u>Expenditure</u>				
<u>(1) Controlled by</u>				
<u>Chief Executive</u>				
Employees				
Salaries:				
Nat Ins,				
Superannuation:				
Wages:				
Nat Ins,				
Superannuation:				
Premises				
Fuel, light,				
Water, etc:				
[etc]				
<u>(2) Controlled by</u>				
<u>Other Departments</u>				
(Architect)				
Maintenance of				
buildings:				
(Parks) Maintenance				
of grounds:				
(Treasurer) Rates:				
Insurance:				
Performing Rights:				
[etc]				
<u>Gross Expenditure:</u>				
<u>Income</u>				
Lettings:				
Rents:				
<u>Total Income:</u>				
<u>NET EXPENDITURE:</u>				

generally to be assessed (leaving aside the doubts in Chapter 2 about the validity of such an exercise!), crudely, by comparing the trend between (say) the estimates in the second and fourth columns with the authority's norm.

Authority A's budget format was a variation on the same theme. The

basic analysis again owed much to the CIPFA standard format, but as Figure 5 below shows, the information on responsibilities was set out separately, wherever possible together with a set of unit costs relating to the activity - ie to the purpose of the expenditure - in question. These unit costs, as we saw earlier (p97), were in fact being introduced and refined at the time of the research: it may be seen that while they accompanied the 'enhanced line-item' CIPFA format, they represented still a further step away from the line-item archetype.

A third reason why budgets in local authorities are unlikely to retain a 'pure' line-item format is that it is impossible to relate line-item budgets to any programme categories which may exist within the authority (Haynes, 1980: p92; see also Jones & Pendlebury, 1983: p23). Accordingly Haynes suggests that for medium-term planning purposes, many authorities will in fact run a programme-based budget simultaneously with the line-item [or enhanced line-item] one (Haynes, 1980: p92), thereby making explicit the value choices which it is held that line-item budgets are usually designed to avoid making explicit, or to 'lose' in their detail. Authority A again provided an example of this in its Annual Report, an extract from which appears in Figure 6, below. Although this publication in itself was more of a public relations exercise than a strategic document (it will be observed that it concentrates on outturns), and although some headings such as 'administration' remained vague, a programme structure may be seen quite clearly. Authority B made a virtually identical presentation in its 'abstract of accounts', again on an outturn basis. However, the fact that the 'budget' figures for each programme are also shown indicates that these presumably existed at the time of budget, even if

Figure 5: Example of Cost Centre and Unit Cost Data, Authority A

[left hand page]	[right hand page]	
	Planning & Traffic Committee	
	Budget Analysis 19xx/xx	
Budget	Cost Centres and Unit Costs	
	<u>Building Regulations</u>	
	<u>Responsible Officer</u>	
	Expenditure: Planning Officer	£ _____
	Treasurer	£ _____
	Total	£ _____
[left hand page based on CIPFA format similar to Figure 4 above]	Income: Planning Officer	£ _____
£	Net Expenditure	£ _____
	Number of Building Regulations applications and inspections	
		xxxxxxx
	Gross cost per application	£ _____
	Average cost per application	£ _____
	Net cost per application	£ _____

the authorities studied chose not to present them in the budget documents as such.

It becomes clear that a line-item budget document need not imply that the budget process which produced it operates in exclusively line-item terms. As Haynes suggests, there are sound operational reasons for adopting the approach in some circumstances and not in others:

"... basic information on costs and performances needs to be presented in different ways for different purposes. One budget is departmental and itemised, and is used for internal control purposes, while the other is based upon objectives, follows the format of programme structures and is largely an aid for medium-term plan-making. Both presentations concentrate on those areas of information which are potentially most relevant and helpful to particular levels of control" (Haynes, 1980: p92).

Figure 6: Sample Programme Categories, Authority A's Annual Report

Open Spaces and Amenities Committee

Previous Budget £	Service/Department	Budget £	Accounts Outturn £	Variation £
	Indoor Recreation: - Administration - Swimming - Sports Centres			
	Parks: - Administration - Horticulture - Buildings, Paths - Parks Surveillance - Woodland Management - Tree Planting - Events in Parks - Playgrounds etc			
	Total			

A budget would be line-item based, on this argument, if its sole purpose was financial control around political priorities decided elsewhere in the policy-making process, rather than to help form those priorities (albeit that the 'enhanced line-item' format allows some information on priorities to be derived, even if this is not its actual purpose). Manifestly, though, in local authorities, a budget is also a policymaking document (hence, presumably, the alleged cognitive problems in making value judgements in the first place), which would then explain the apparent availability of non-line-item data even if this was not actually presented fully in the budget documents in Authorities A and B. This places Wildavsky's own largely cognitive limits-based presentation of line-item budgeting in some difficulty because it appears from the data here and from Haynes that despite the layout of the formal budget documents, it is but one aspect of the overall resource allocation function.

If this is so, then the cognitive 'hypothesis' which might have been advanced of the role of line-item budgeting - of avoiding or obscuring policy choices in favour of an analysis of concrete detail - must be called into question. If these choices are in fact made elsewhere in many budget processes, then presumably any problems in making them may be negotiated, and it is not these which necessarily prompted the line-item budgeting where it actually occurred. At the least, if cognitive factors do play a part we are left with explaining why they apply selectively, not only in some authorities and not others (where non-cognitive factors such as the resources available for budgeting might conceivably have played a part), but in some aspects of one budget process and not others. The 'cognitive limits' strand of incrementalism is of relatively little use in explaining these variations.

As a final comment, it is also a fallacy to assume that line-item budget categories, whatever the reason for their existence, are themselves 'value-free' or objective. Where policy choices are obscured, of course, then in effectively defending those choices from intervention a line-item budget is highly value-laden. The categories themselves may also be manipulated to 'create' or 'lose' spending on particular codes or headings to avoid over- or underspends on them as tactics are perceived to dictate. We shall see, for example, that it was the discovery of this type of manipulation on a substantial scale which led Authority B to experiment with a form of ZBB. Wildavsky (1979a) would probably accept many of these points, given the overall 'political' tenor of his book, but as noted earlier we still see line-item and programme budgets contrasted with only the latter deemed to be highly subjective, (eg 1979a: pp59, 187-8) and it is this which should not be allowed to give a misleading impression.

This, though, is to hint at political (big and small 'p') issues beyond the scope of the cognitive limits strand of incrementalism which is at issue here. To summarise what we have seen here, it may just be said that in overall terms the actual budgets in the authorities studied were line-item based, but that there were apparently sound non-cognitive reasons for this relating to their Committee structures and their financial control functions. Even then, this was never 'pure' line-item budgeting, but the 'enhanced' line-item presentation, or something very close to it, recommended by CIPFA. In Jones & Pendlebury's terms, while the main focus was on the nature of expenditure, much could also be learned about its purpose. Moving beyond the formal budget document itself we saw that the trend away from line-item budgeting was more marked, with analyses presented around distinct programme categories. This clearly implies that non-line-item information was collected and available to budgeters even not presented by them in budgets: the 'hypothesised' cognitive constraints prompting line-budgeting can if necessary be negotiated or overcome by the actors involved, therefore, although there is nothing in the cognitive limits argument itself to suggest when this will or will not happen. (Non-cognitive factors such as resources available for budgeting may of course play a part, although since both authorities displayed non-line-item tendencies the data provided no clues on this.) Accordingly, rather than viewing line-item budgeting as a response to cognitive problems of value judgments, following Haynes (1980: p92) it seems more helpful to view it as but one aspect of the overall budgeting and resource allocation function. In this perspective, it is possible that the largest single determinant of the incidence of line-item budgeting is the esteem with which treasurers regard CIPFA's advice!

### (iii)(c) Cognitive Problems of Value Decisions: The Role of Figures

It is held by incrementalists that budgeting and resource allocation takes place largely in terms of the figures and sums of money which eventually appear in the budget book or statement of accounts, rather than in terms of the service levels which those sums of money are actually buying (see, eg, Danziger, 1978: p183; Jones & Pendlebury, 1984: pp61, 74). In effect, the figures are reified (Danziger 1978: p183) as indicators of service activity: at its most basic, as Wildavsky points out, a budget may be seen as a series of goals with price tags attached (1979a: p2), but in compiling it the emphasis is held to be on the 'price tags' to the point where this replaces analysis and coverage of the 'goals' themselves. The use of actual allocations in this manner, it is argued, helps to meet the cognitive problems of making value judgments in preparing the budget by allowing there to be a common 'currency' with which differing areas of activity may be assessed, relative to each other, through simple measurements of percentage change or difference between allocations (eg, Davis et al, 1966: p530). It is then because the emphasis in budgeting is held to be restricted by cognitive factors to the increment separating each allocation from its predecessor that these percentage and monetary calculations are applied to 'vertical' changes between years rather than to the horizontal spread of activity within any one year, (eg Danziger, 1978: p183; see also Wildavsky, 1979a: pp219-20). The need for direct comparisons of the utility of often very different service objectives is thereby avoided by using the allocations to fund them as a 'cognitive shorthand'.

Taking the overall argument as the plausible 'hypothesis' which could have been constructed from the data, the distinction between vertical



and horizontal foci is a useful place to begin. In many ways, the concept of a vertical focus comes close to the heart of incrementalism, insofar as this is a collection of explanations and recommendations of marginal change. A vertical focus on that change would then follow almost by definition: all the attempts discussed in Chapter 2 to define incremental outcomes are cases in point. As an accountant in Authority A illustrated:

"You're looking along the lines of previous expenditure patterns. Basically, we have a sheet ... showing actual costs for the previous year. We then show the present year's budget. We then get departments to fill in what they want their estimates to be for the coming year. We will then have regard to whatever variations have happened in the current year ..." (Accountant, Authority A).

We saw from Figures 4 and 6 above (and see also Figure 7, below) that the budgets and accounts of Authorities A and B were both laid out with columns illustrating this vertical progression from outturn figures to estimates, to revised estimates, to the budget for the coming year. It might be that, as Pendlebury & Jones (1983: pp15-16) have observed, this cycle in itself has a heuristic status for budgeters as their 'model of reality' within which resource allocation takes place - certainly, nothing from the data here disproved this. In any event, though, the role of percentage measurements in assessing these changes, even if unpublished, followed as a logical consequence:

"The things we look for are, 'what's the general [percentage] rate of inflation on that item?' ... basically you're looking at things which don't ring true" (Accountant, Authority A).

Thus, the use of the figures themselves in the budget extended at least as far as being a means of financial control by reference to the fixed percentage allowance being made for inflation.

If we now move to the higher level of political argument and debate about the allocation of resources we again find, for example, that vertical percentage changes in monetary comparisons were the 'currency' of the historically based assessments underlying Wildavsky's notion of fair shares (eg, 1979a: ppl6-18). For example, the ACC assessed its members' increases in expenditure targets from 1984/85 to 1985/86 as follows:

"... even the shire counties who have benefitted from both changes [in the rules of target construction] are still left with a 4.6% average increase in target for 1985/86 compared with a national average of 6.8%. The figure for shire counties as a whole is 5%. It remains the case that lower spending authorities receive lower than average target rises. This is inequitable" (ACC, 1985: p5).

From considerations of priority and equity, vertical monetary and percentage measurements can easily become political yardsticks for the assessments of spending, thereby in effect reifying the service levels underlying them:

"We ought to look at the budget without worrying about what we spent last year and the year before, but we've been forced into a position over the years of having to say ... 'we haven't cut x', if we have cut it, 'because we're spending x% more this year on that commodity than we did last year'" (Housing Chairman, Authority A).

"We know what our basic expenditure is, and it's been shown over the years that that's the right level, so you're putting on inflation increases ... therefore I think you've got much greater control because if something is over that rate, they've got to come and tell you why" (Leader, Authority B).

The way in which the figures came to stand in for discussion of actual service levels may clearly be seen from these two vertical comparisons.

To summarise so far, then, a plausible 'hypothesis' could be advanced from where the data appeared to corroborate the work of other writers,

that vertical comparisons of monetary allocations and percentage change figures were substituted for discussion of actual service levels and the relative merits of these, as a response to the cognitive problems of making value decisions. At this point though, the now-familiar doubts begin to appear. For all the ease and frequency with which vertical comparisons were made, it has to be said that this was in no way to the exclusion of the horizontal. It was on the basis of a simple horizontal comparison, for example, that the Chief Education Officer of Authority B assessed the outcome of a cuts exercise:

"I started by being apprehensive and critical of the decision to share the burden of cuts pro rata ... [but] when it came to deciding how to restore the £1m [of cuts originally proposed] I was of course rather pleased that it was not done pro rata but by bids. With our £700,000 we haven't done too badly at all".

Similarly, the ACC made a further horizontal comparison of target increases in 1985/86:

"The 18 authorities due to be rate-capped ... alone have taken some 43% of the total increase in targets available" (ACC, 1985: p6).

Simple comparisons of this type appear to present no specific cognitive problems at all, in that they might routinely be expected of any actor or organisation taking stock of their own positions. Once again, though, the role of the actual sums of money and percentages in allowing these comparisons to be made may be seen.

A further example of a horizontal comparison with altogether more profound implications would be where an authority used the service components of its Grant Related Expenditure (GRE) assessment of need to spend to provide or influence the set of relative priorities for its service spending. Evidence other than the purely anecdotal is

hard to find, but on this basis it seems likely that the practice occurs, irrespective of whether an authority actually spends at the level of its total GRE or not. Now, GREs are specifically not designed for this purpose, being no more than a yardstick for the distribution of block grant (eg DoE, 1985: p26), and for this reason the GRE used in each case would be the previous year's, since the service components of those for the budget year are deliberately not made available by the DoE until April, after budgets have been fixed. Nevertheless, the point still stands. As a given set of service proportions, the service components of the GRE could be used to influence the allocation of resources, as it were to 'make' the value decisions between priorities on the basis of a single prior judgment about its validity for this purpose. Variations (or lack of) in service spending levels will then be a function not of any vertical assessment but of the horizontal 'comparisons' represented in the GRE itself - even though, once again, these will be in terms of the sums of money specified by its service components.

The evidence from the authorities studied and elsewhere, then, is that far from vertical comparisons predominating, they co-existed with horizontal ones. Indeed, in the GRE case above, at the extreme it is theoretically possible to fix the entire set of an authority's service priorities with no reference to vertical comparisons (or even to the base or increments) at all. While no examples of horizontal comparisons were found at the level of the detailed rolling forward of the budget base or preparation of estimates, it could be argued that this is scarcely surprising since allocations between competing service priorities do not tend to be made at this level anyway. It is therefore clear that any cognitive problems of making value decisions

may be sidestepped or negotiated when it comes to the type of comparison, vertical or horizontal, actually made.

However, it will be noticed that both types of comparison were made in money or percentage terms rather than by reference to actual service activity, and to this extent the 'hypothesised' cognitive role of the figures themselves as a reification of that service activity is more plausible. Even here though, there are problems because there are grounds for asking how much of this is due to the nature and focus of what is observed rather than to any cognitive problems per se of making value decisions. Thus, as a basic fact of local authority life, one of the purposes (on the basis of their survey, Pendlebury & Jones, 1983: pp12-13, would say the primary purpose) of a budget is to raise revenue sufficient to cover the authority's anticipated expenditure. In its capacity as the set of 'price tags', in Wildavsky's terms, to be put on the authority's activities, one might therefore reasonably ask how a concentration on sums of money in the budget could be avoided - despite the fact that we shall see, even here, that more directly service-related information was also not ignored. If a monetary focus is always likely to occur for non-cognitive reasons, there seems little point in emphasising the cognitive 'hypothesis': the role of the cognitive problems of value decisions cannot positively be proven, and we may in any case be left with explaining those occasions where it does not in fact occur!

At the same time, at an equally basic level of organisational life, a budget may be a planning and policy-making tool (eg, Pendlebury & Jones, 1983: p11), and in this context it would be rather more surprising if a focus purely on monetary outcomes was allowed to exclude or replace more directly service-related data and analysis of

priorities. In the remainder of the thesis, we shall see that the interaction between service and financial data is a highly complex one, which may change over time, through the organisation and according to the personal predispositions of the actors concerned. Certainly, we have seen and will see further a tendency for argument and discussion of priorities at the political level of resource allocation to take place in monetary terms, and to this extent the 'hypothesised' role of those sums of money in providing a common 'currency' between services and allowing that debate to happen, remains finally to be disproved. In other areas though, the use of sums of money as a 'cognitive shorthand' for service levels and priorities will be shown to depend on where and when one looks.

As an interim conclusion, therefore, the 'hypothesised' role of vertical comparisons between sums of money, reified as service indicators, in meeting the cognitive problems of making value decisions, begins to look somewhat at odds with the data, for all its initial apparent plausibility. Horizontal comparisons are evidently not precluded by cognitive factors; prioritising is not done purely in monetary terms; and where monetary analysis does and does not predominate may be no more than a reflection of the operational realities of local authority life and the purpose of the budget itself. It remains plausible that sums of money and percentages were used as 'cognitive shorthand' for service levels and issues in discussion on resource allocation, but the overall picture will emerge as rather more complex than a simple cognitive 'hypothesis' would have allowed.

### (iii)(d) Cognitive Problems of Value Decisions: Overview

For all the general lack of hard evidence (see above, p95), two particular types of behaviour - line-item budgeting, and the reification of sums of money and vertical percentage change levels as service indicators - could plausibly have been hypothesised from the data as the responses to the cognitive problems of making value decisions facing resource allocation actors, a role which is apparently corroborated by other writers. (It must be stressed again that the gathering of data during the research was not actually structured by these hypotheses.) In each case, however, much as we saw with cognitive problems of scale, despite the initial plausibility of these 'hypotheses' the data in fact indicated that they were open to considerable doubts. With line-item budgeting, we saw that while an 'enhanced' type of this presentation was used in the actual budgets of the authorities studied, sound non-cognitive reasons could be advanced for this; and it did not preclude the use of programme-based analysis elsewhere in their resource allocation processes. This latter finding suggests that the data must have been available in non-line-item form, and therefore that the cognitive constraints which were 'hypothesised' as prompting line-item budgeting could quite easily be overcome. It was suggested that rather than viewing line-item budgeting as a cognitive phenomenon - and thereby having to explain why those cognitive constraints sometimes did not apply - it is at least as plausible to see it simply as one part of the overall resource allocation function in the authorities studied, with programme-based activity as another part. Similar conclusions have just emerged with the use of vertical change measurements and from the reification of sums of money. While it remains possible that these functioned as a common 'currency' between services and priorities to

allow assessments of their relative merits to be made at all, this was not universally the case, and once again their use or non-use was as easily explicable in terms of the actual role and nature of the budget process as in 'cognitive' terms.

It is not denied that there must be some upper limit on human cognitive abilities, but the data here indicated once again that there might be substantial scope for negotiating the constraints imposed by the cognitive problems of making value decisions. The cognitive limits strand of incrementalism purports to build these limits into an explanation of resource allocation, or at least to inform analysis of it. Following the similar conclusions reached on cognitive problems of scale, we are seeing more and more clearly that it does not do either very accurately. In short, introducing a key theme, the cognitive limits strand is deficient because in implying what is effectively a 'standardised' impact of cognitive constraints, it underestimates the (often unthinking) proactivity of resource allocation actors in meeting and negotiating the cognitive constraints upon them.

This theme is now developed in a study of the best known and most apparently 'obvious' of all the incremental responses to cognitive problems, namely the budget base.

#### (iv) THE BUDGET BASE

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##### (iv)(a) Introduction

The use of the budget base as a heuristic for coping with the



cognitive problems of budgeting embodies aspects of both the problems of physical scale and of making value decisions discussed in sections (ii) and (iii) above. It is treated separately and at some length, though, because it raises a whole series of issues in its own right, and - perhaps as a result of this - because it is one of the most widely known and discussed features of budgeting. Remembering Danziger's distinction between the cognitive and political strands of incrementalism (1978: p125), writers who discuss the budget base in its cognitive role at issue here include Gershuny (1981); Bailey & O'Connor (1975); Bunce & Echolls (1978); Danziger (1974; 1978); Greenwood et al (eg 1977; 1980a); Haynes (1980); Heclo & Wildavsky (1981); Pendlebury & Jones (1983); Jones & Pendlebury (1984); Pfeffer (1981) and of course Wildavsky himself (1975; 1979).

The budget base, as we have seen, is the re-priced and updated agglomeration of previous spending 'rolled forward' into the present year. It is held by proponents of cognitive limits explanations of resource allocation that the base makes the task easier by embodying the assumption that each previous year's spending is *prima facie* valid (see, eg, Danziger, 1978: p183) and in need only of the updating for commitments and repricing just outlined. In this way, it is argued that the volume of work is reduced to manageable proportions (eg Jones & Pendlebury, 1984: pp56-7), and that previous tacit or explicit priority decisions and value choices remain undisturbed. As Wildavsky observes,

"The beginning of wisdom about an agency budget is that it is almost never actively reviewed as a whole every year" (1979a: p15).

The search for alternatives may then be restricted to the small area of marginal increases or decreases actually feasible in any one year

(eg Wildavsky, 1979a: p15). To no great surprise given the weight of other literature on the issue, this cognitive conception of the role of the budget base vis-à-vis problems both of the physical scale of, and value decisions in, budgeting and resource allocation could once again plausibly be 'hypothesised' from the data, and it is therefore around this that our examination of the issue will be structured.

The apparent plausibility of the argument is helped by the observation in Chapter 3 that for all the severity of the brute fact of resource shortage, there appeared to be a certain level beyond which reviews were not pushed and solutions were not sought. This would tend to support the proposition that there is at minimum an area of core assumptions about what the authority actually does and should do, which will not be questioned and which might therefore underpin any 'base' of routinely unreviewed or unchallenged expenditure. As against this, however, we saw that levels of review generally have increased, which would tend to point to any 'base' being perhaps smaller, as a proportion of its budget, than hitherto. Already therefore, it appears that any cognitive constraints tending to prompt the use of the budget base have to this extent been negotiated. Further, we also saw in Chapter 3 that, leaving aside any cognitive factors, the use of the budget base as a 'holding' position in negotiating the brute fact of uncertainty would of itself be sufficient to explain the use of a base. While this is not synonymous with that base remaining unreviewed, as in the cognitive limits argument, it is clear that considerable care will be needed in isolating the specific effects of cognitive factors from other aspects of the overall situation.

With this note of caution in mind, we now turn to examining the data from the authorities studied.

(iv)(b) The Budget Base and Cognitive Limits in Authority A

Predictably, it is very easy to advance and plausibly support from the data a cognitive 'hypothesis' of the role of the budget base in Authority A. The existence of the base is clear enough from the extract from its budget book in Figure 7, below, whose columns betray a good deal. Reading from the left, in column 3 we have the 'base' of the present year's budget, with columns 4 to 7 giving details of the 'rolling forward' process - inflation (pay and prices), and commitments - with the final budget in column 8. The heading 'Other' in column 7 refers to growth items: this being a standstill year in Authority A, there weren't any! The relative ease of presenting the budget in this form, with calculations apparently only relevant to the minor part of it, may be appreciated.

The actors studied in Authority A also appeared initially to offer considerable support for the 'hypothesis' that the base as outlined would then remain substantially beyond review. The issue was acknowledged by one Chairman as follows:

"Its too easy for Committees to look down and say, 'Well, we ought to spend at least that amount this year,' as opposed to looking for new sources of spending or to see whether it was needed. I give you a very simple example if I may. It may be there's some land alongside someone's house and we've always cut the grass. Maybe the person who lived there would have liked to have taken it over. What's wrong with that? But if the money's there to cut it then we continue to cut it ... We tend to wait until the budget is being prepared and you immediately see what you did last year because its easier".

Figure 7: Incremental Build-Up from the Budget Base, Authority A

Revenue Budget 19xx/xx

Personnel Committee

Actual [Previous Year]	Service/ Depart- ment	[Present Year's] Budget	Detail	Variations			New Bud- get
				Incre- ased Costs	Commit- ments	Other	
xxxx	Manage- ment services	xxxx	Increased Costs - Pay - Prices Commit- ments - [etc] - [etc] - [etc]	xxxx xxxx	xxxx xxxx xxxx		
	Expen- diture						
	- [etc]						
xxxx [1]	(Total) [2]	xxxx [3]	[4]	xxxx [5]	xxxx [6]	[7]	xxxx [8]

Thus at this political level 'existing policy' appeared in effect to be taken at face value, in this example, for lack of ability to do much else in the time made available; this theme was also echoed at the officer level in Authority A by the Chief Accountant in connection with the actual preparation of the authority's estimates:

"You take the figures at face value unless they vary wildly from the previous year or unless they are a particularly big budget. You eliminate the 'last year +10%' business where you've got the knowledge to do so".

On this evidence the role of the cognitive limits of these actors in defining their responses to areas of the budget base seems clear enough.

Further, as this last quotation hinted, such officer-level review of

expenditure as there was appeared to consist of examining the vertical changes proposed from the previous year (ie the increment - columns 5, 6 and 7 of Figure 7), and exploring the variation from the pattern implied by the parameters laid down at the start of the budget process for the year in question. In effect, reviewers then applied their own criteria as to which variations in the increment warranted attention and which did not. One key criterion in this review was the size of the variation itself:

"Wide variances from the [previous year's] estimates prompt closer attention. You go deeper if you find the thing really is in a state" (Chief Accountant).

A second key criterion was the size of the item itself. As Gershuny (1981: p202) noted, there comes a point where diminishing returns set in on the likely benefits of any additional review:

"If it's on £50 to £100 or so, we probably don't take too much notice, but if it's on, say, £5-£10,000 or so, we may say 'you aren't having it'" (Assistant Treasurer).

The third key criterion for investigating areas of the increment, which in some ways governed the application of the first two, was the expectations of reviewers of the 'norm' in particular areas of the budget based on their 'local knowledge' of those areas:

"We don't object too strongly if we're not talking of thousands and thousands, but we'll say, 'okay, fair enough, but if you're going to buy micro-film gear that'll save you on printing and stationery, so we'll knock that off a bit'. It's not laid down, but I think most of us work on those lines" (Accountant).

"... the things we look for, are, 'what's the general [percentage] rate of inflation on that item?' ... if it's gas or electricity, it tends to be higher. Basically, you're looking at things which don't ring true. You go back to them [the Department] and say, 'Look, we think this is a bit high, why?'. There may be a good reason for it. Sometimes, rather than ask for more they may keep the thing at the same level or a low increase. If there's a major variation down as well as up, we will say 'What's the reason, is it a mistake?'" (Chief Accountant).

To this extent, therefore, review merely of the increment seemed a fairly detailed and specialised activity, leaving aside any thought of approaching the base itself. Thus, in summary, the data provided plausible grounds for the budget base to be seen as a heuristic used by the actors in Authority A in meeting the cognitive constraints upon them. Large areas of its budget were rolled forward apparently unreviewed - and acknowledged as such - and such reviewing activity as there was appeared to be focused on expectations concerning the shape and size of the increment allowed. However, we shall see from Authority B that as far as the cognitive 'hypothesis' of the role of the base itself is concerned, the application of 'local knowledge' in the manner outlined is something of a two-edged sword: indeed, echoing this theme generally, it was here that the now familiar doubts about the cognitive 'hypothesis' of the role of the budget base began to emerge. As a preliminary observation, the extract from Authority A's budget book in Figure 7 apparently conclusively showing the role of the base in its budget process was in fact the 'left-hand page' referred to in Figure 5 (on page 116 above), which showed Authority A's analysis of unit costs. That is to say, the incremental analyses of the type in Figure 7, and the unit cost analyses of the type in Figure 5 were printed beside each other in the budget book. Clearly, a certain amount of 'background' data on the budget base was available, indicating perhaps that there is no necessary connection between an apparent lack of review of the budget base, and an inability to review it.

However, we may then develop these doubts to the point of speculating whether the cognitive problems apparently prompting the use of the budget base in Authority A were actually as serious as they might appear. For example, we saw earlier (p106) that there tended to be a

trade-off between cognitive problems arising from the physical scale of the task of budgeting and the level of resources made available to do it. To the extent that the budget base is a response to the same cognitive problems of scale, then that conclusion applies here, also. While the brute fact of resource shortage tended to prompt a greater readiness to review activities (eg Greenwood, 1983: ppl66-7), as, eg Tomkins (1981: pl3) pointed out, reviewing is itself an expenditure of resources. In Authority A, there were times when it was felt that these could not be made available:

We've been frustrated because we've had to divert people ... but we've got the cost investigation group who are part of audit. At the moment, they're fully stretched [elsewhere] but the idea is that ... [they] select areas of the budget for the most intensive investigation. That has now more or less come to a halt, but hopefully it will resume" (Treasurer).

When the resources for review were not available, existing routines and expenditure simply remained unchanged by default:

"There are times when you've got so much on, you sit back and think, 'sod it, I'm blowed if I'm going to change this, I'm just going to get on with it' because you're absolutely bogged down" (Chief Accountant).

However, if the apparent cognitive problems of budgeting are really a function of the resources available, then when the resources are present in other forms, the problems may be negotiated in other ways. One major alternative 'resource' in this sense is potentially the attitude of the other actors in the process:

"Environmental health actually give us a working paper on each budget head, which is the best I've come across. It saves a lot of questions ... and I know they split their budget down" (Accountant).

Also, supporting the findings of Greenwood (1983: pl58) and Tomkins (1983: pl1), the Assistant Treasurer noted how:

"To a certain extent, the Treasury role has been diminished because everybody is now far more aware of and bothered by major financial affairs. That applies both to Members and other officers of this authority ..."

Equally, a lack of review in an area such as those outlined may be because resources have been redeployed in other ways. In Authority A, while the cost investigation unit was caught up with other work (see above), there were developments in reviewing the budget in other ways, at other levels. For example, it was planned to establish what Greenwood (eg 1983: p162) called a 'Spanish Inquisition' phase in the budget process. As we saw on p101, the Treasurer saw it thus:

"I have in fact sent a memo to [name] who manages the estimates saying that in future will he build into the process before agenda conference or Committee a niche for me to interview chief officers to go through the thing. The idea would be that I would be briefed by my fellows about where the likely weaknesses would be and I would question ...".

Another departure in Authority A, also noted by Greenwood to be increasing, as

"... a very real attempt to probe more explicitly, albeit in an ad hoc manner ... into the budget base ..." (1983: p158),

was the use of manpower budgeting:

"One aspect of digging about is manpower budgeting. We've compromised on that, year on year. We had an establishment ... and there was an annual financial budget based on that ... Now, the Personnel Committee eliminates posts remaining vacant" (Assistant Treasurer).

From observations like this, it became apparent in Authority A that perceptions of effectiveness - or even a form of 'political cost-effectiveness' - governed where and when review of the budget base was attempted. While these alternative areas of review were



limited in scope, and did not challenge the 'core' assumption identified earlier as to the desirability of services in themselves, within these limits the effect was that the degree to which the budget base was observed to be an unreviewed 'lump' of expenditure depended on where one looked.

This issue will be returned to. However, to develop further the observation of the selective deployment of available reviewing resources, it emerged that for a number of reasons it was perceived in Authority A that a thoroughgoing review of the overall service expenditure base was not actually necessary. Review may have been an end in itself (we shall see later that an element of this remained), but the focus of effort was on achieving savings, and it was felt that these could be achieved to the level necessary to meet the resource constraints then applying, or the need for them avoided, by other means. These other means arose in three areas. First, although we saw in Chapter 3 just how influential was the impact of uncertainty, the high level of 'slack' resources accumulated as a response to this successfully ensured that although a standstill budget was seen to be necessary, actually reviewing or cutting the budget base was not. Second, even if service expenditure in the base was not reviewed greatly, the income in it was:

"What's happening in the area of direct savings is not so much spending reductions as income increases on a number of fronts. We review commercial rents wherever possible and achieve receipts. We've been renegotiating leases. One that comes to mind is Marks & Spencer's. We've talked them into giving us £1.6m now and £5,000 per annum [thereafter]. Or again, the District Auditor has been after us for years to get more from trade refuse. That income went up by £100,000 last year and £100,000 again this year" (Assistant Treasurer).

Third, and in Authority A most significantly of all, it was perceived

that the greatest potential for reducing expenditure lay not with service expenditure per se, but in reducing its historically very high levels of debt (amongst the highest in the country) and debt charges. In the first year of research the latter amounted to £50m in a net revenue budget of some £30m. On the one hand, and this relates to the Marks & Spencer's example just cited, attempts were initiated to reduce the level of debt itself:

"We went up to [the Leader] and said 'We anticipate receipts of £2m'. His response was, 'Well, we're not going to incur further revenue charges beyond the allocation' [capital receipts when realised carry their own permission for further, capital expenditure, which would incur revenue running costs]. This was new to us. He asked us what we could do with the receipts. [The Treasurer] said, 'Well, you could pay off some debt', so we did a quick exercise to find out what it was worth in revenue terms, and we've been doing it ever since" (Assistant Treasurer).

On the other hand, as in many other authorities but with a particular emphasis in Authority A, resources were also applied to maintaining the lowest possible rate of interest in its loans pool by replacing higher interest loans with lower interest stock. The rationale for this was expressed as follows:

"The thing is, you can say 'alright, let's do a great big exercise and save £200,000'. Come the end of the year though, your pool rate might be one or two per cent under what you'd budgeted, and that's an immediate saving of half a million quid" (Accountant).

As a corollary of this focus on interest rates, similar efforts were expended on maximising the interest on revenue balances held.

In all three of these areas, therefore, other than the continuing assessment of vacancy rates and charges which we have seen, it was generally perceived that there were easier ways of achieving savings

than a review of the service expenditure base itself. The brute fact of resource shortage was sufficient at the time to prompt an active pursuit of these other means in Authority A, but without actually turning the focus of review on much of the budget base itself. Thus when, in the year after the standstill budget examined earlier, the budget parameter was set as a £1.5m cut to minimise increased grant penalties, the Treasurer was able to call on these three sources of savings just listed:

"... there was room for getting the overall budget down [by £1.5m] without the trauma of sending estimates back ... Most of that £1.5m will be found by financing measures. We have a lot of receipts in the pipeline which, if used to repay debt, will make a major difference. We're looking at our charges and it may well be that our income is greater than expected ... We also run a fairly successful overall financing policy, you know, playing with balances and all the rest of it ..." (Treasurer).

Indeed, with resource pressures at the level then obtaining, it may be seen that the budget base was actively protected by such perceptions of alternative sources of savings.

The pattern of review in Authority A, then, was the result of a fairly clearly defined set of perceptions about the most effective and 'painless' deployment of available reviewing resources to achieve a desired level of savings. While we cannot say on the basis of what we have seen here that the base could have been reviewed, it may also be seen that there was a sound non-cognitive reason for the fact that it was not actually reviewed: review was not an end in itself and therefore was not felt to be necessary, because easier means of achieving the necessary level of savings were available. It may be objected that this is in itself a cognitive limits argument, inasmuch

as the other means outlined of achieving savings were easier precisely because of the cognitive problems of reviewing the base. There are two responses to this, however. First, by 'aiming off' before the point of attempting to review the base was actually reached - ie, on the grounds that this was unnecessary - the actors in Authority A were never actually observed to test the cognitive feasibility or otherwise of reviewing it. The 'hypothesised' cognitive role of the budget base therefore remained unproven and, even, unprovable. Second, and ultimately more conclusively, however, we shall see later that 'problems' experienced in reviewing the budget base in both Authorities A and B were at least as much political (big and small 'p') as cognitive in nature.

Before leaving Authority A, though, more may be learnt from the response to the issue of debt and debt charges. As we have seen, debt charges amounted to a very substantial portion of the overall budget. (Even in Authority B, a more 'typical' authority in this respect, they amounted to nearly a quarter of its gross revenue expenditure and 37% of its net expenditure in the first year of the study.) While relatively few authorities have questioned the existence of capital debt per se, within the constraints of existing debt and the semi-statutory requirement from the 1981 Voluntary Code of Borrowing Practice of a minimum average debt maturity of seven years, debt charges themselves may be mathematically verified as the directly attributable effects of historical fact. Consequently this, coupled with a policy of continuously 'turning over' higher interest debt with lower interest stock, perhaps with the aid of a computer optimum rescheduling model, means that the base of unreviewed or unquestioned expenditure in this major area of the budget could quite easily as a matter of routine be very small.

Now, as Stewart (1983: p199) points out, ultimately efforts actually to reduce expenditure in this area are likely to be constrained by the historical profile of the debt itself and the state of the money markets (cf also Pendlebury & Jones, 1983: p9). However, while the following example from Authority A was surely a unique 'one-off', it shows that with a sufficiently proactive stance even the constraints to which Stewart refers may to some extent be negotiable:

"Somebody casually rang us up one day for a chat, the sort of thing that's happened every six months for the last five years. [Authority A] tends to be one of the national high spots outside London ... They come to us and [offer] us special terms, better than ... the market, but you pay a front end fee. The only time we will ever offer a bond from this authority is when we've got the cash in our hands. Now ... this deal could give us \$800m, at 4% below the market rate. We'd pay off all our debt and invest the rest at other local authorities at a rate which is favourable to them but which gives us income. If it did come off ... at the end of twelve or twenty years we'd achieve a complete redemption of our debt by using that income. The main problem with all this is we're not allowed to do it. We're not allowed to borrow foreign currency. We have to ask the Treasury, and they said 'No'. So we hope to have [the money] brought into Britain already in sterling to be lent to a major British bank who will lend [it] on to us. There is a company in Switzerland who will be prepared to issue at a fee of 10% - £40m, so we'd only get £360m - a promise to pay the bearer in twelve years, £400m. That note would be accepted by the lender as payment ... So on Day 1 we'd receive £360m, we'd give £40m to this company who would give us a piece of paper ... We'd give that to the lender and he'd say 'Thank you, I've got my £400m [\$800m] back. Then we would pay him interest at the agreed rate. All the debt would pass through this middle company ... They would be prepared to accept £40m and turn it into £400m in twelve or twenty years time" (Assistant Treasurer).

The deal did not in fact transpire. Since terminating the research however, it is understood that a similar - albeit smaller - transaction has successfully been completed with a British clearing bank.

This examination of the debt issue shows two things. First, even leaving aside the flamboyant nature of the example cited, to talk of

'the base' as a blanket term may from a cognitive point of view be rather simplistic. There are clearly different levels of review, ranging from 'pure incrementalism' to a 'zero-base', but it emerged that in major areas of the base such as debt charges, it may actually be relatively easy to achieve a rather higher level of review than others. Second, while it remains the case that Authority A would never have escaped its ultimate dependence on trends in market interest rates, it had negotiated them and had come close to doing so even more substantially. Thus, although the particular example given may be unique, its general significance should not be missed. Much as Stewart (1983: pp146-9) and Greenwood (1983: p160) also argue, we shall see that many of the factors such as 'existing commitments' or supposed statutory constraints which are usually taken as 'fixed' in the general run of events may prove not to be if the need is perceived to negotiate them. The 'fixing', therefore, however consciously or unconsciously must be in the perceptions of the actors dealing with them.

For the present, however, we may summarise that the experience in Authority A not only left the cognitive 'hypothesis' of the role of the budget base unproven, inasmuch as non-cognitive reasons could be found for the lack of review, but it raised certain doubts about its validity. We saw fleetingly the review potential of actors' 'local knowledge' even if only applied in this instance to the increment. We saw also that decisions about the deployment of reviewing resources, and the relative ease of review of some areas of the budget such as debt charges, may mean that there is no 'overall' base in the cognitive sense: the lack of review found may vary, depending on where one looks. These suspicions will be sustained and developed by the experience from Authority B.

(iv)(c) The Budget Base and Cognitive Limits in Authority B

The initial impressions of the use of the budget base in Authority B are rather similar to those from Authority A, lending once again initial plausibility to the cognitive 'hypothesis' of its role which might have been advanced. For example, at some levels, areas of the budget base were again taken as *prima facie* valid, even if in the following example the effect was actually to restrain spending:

"Revenue subsidy has been determined historically here, not on a zero base but on historical patterns which are updated for inflation. There's nothing wrong with that, really, where it hits reasonable levels, but here it's incremental updating of a base which was never adequate anyway" (Housing Chief Officer).

Equally, as in Authority A, it often appeared that such review as did occur was by reference simply to variations in the increment from the expected norm:

"Certain strategies are laid down before we start, like what to put in for pay awards, for interest, what rates of inflation can be allowed on cash limits ... When the figures come through I look down and if anything seems strange I ask for explanations ..." (Treasurer).

However, also as in Authority A, there was observed an active reluctance to review areas of the budget base, which made the cognitive 'hypothesis' of the role of the base difficult to prove or disprove from the data gathered. This reluctance made itself apparent even though Authority B had a rather lower proportion of debt charges and so less scope for their manipulation to produce any desired level of savings. Possibly, this reflected Authority B's greater disposition towards maintaining service spending levels: we saw above (p83), for example, that in the first year of the research even the prospect of grant penalties was not sufficient to deter some growth in

Authority B's budget. However, when in the second year £3½m cuts were deemed to be necessary, these were made in the service expenditure base but on a strictly pro rata basis, thus, against the trend identified by Greenwood (1983: p161), maintaining existing priorities intact. The lack of review and refusal to prioritise cuts, and therefore the willingness to take as valid the proportional composition of the base, was justified as follows:

"Broadly speaking, our existing expenditure pattern represents a set of priorities and that's good enough in terms of cuts. How you spend is how you cut" (Chief Executive).

To a certain extent though, the level of review of areas of the budget base found in Authority B would have depended, as in Authority A, on where one looked. Once again, review of the base in Authority B was much less an end in itself than simply one of the available means of restricting spending. From the Treasury's point of view, one of the most cost-effective ways of achieving this was to apply strict cash limits to some areas of the budget, reinforced by a control of virement, thereby effectively forcing spending departments to undertake any necessary review of their budget bases for themselves:

"Normally, there would have been supplementary estimates, but we said 'The budget as it's printed [ie at the previous November's prices] holds, and it's a cash limit'. We knew there was slack in the budget and there would be a need for cash limits. We knew there was fat in there which could come out. If cash limits are going to be breached, they've got to come to us for virement. We've got to apply Financial Regulation 5 [governing virement] firmly ... Slowly it squeezes the fat out" (Chief Accountant).

Clearly, the cash limits themselves could be (and were) updated incrementally to match the level of restraint perceived by the Treasury to be necessary, and the level of review then prompted would



depend greatly on the strictness of the cash limit imposed.

Nevertheless, as a means of restricting spending, it was often implied that cash limits were preferred to other budgeting techniques such as detailed scrutiny of the base. Figure 8 (below), provides one example of this in the case of "Fuel, light and etc". A better example, though, which would not show in the 'subjective' categories in Figure 8, was the capitation allowance on primary and secondary education, where cash limits were preferred to possible attempts to 'Zero-Base' that part of the budget:

"A lot of education ZBB things are swept up in the capitation allowance ... [T]he Headmaster has his capitation allowance ... per head of child, which he is not to overspend but what he does with that, we're not going to argue too much ... Things like telephones were in that as well. It gives the Head some freedom, but at the same time we would have the control, they would have the freedom and we would have the control. Now the ZBB cuts rather against that ... and we took the capitation ... [It] was after all brought in for a purpose some years back. The Treasurer saw some advantage in terms of overall control" (Chief Accountant).

This, of course, begins to hint at what Danziger (1978: p125) identified earlier as the "realpolitik" strand of incrementalism:

"... there would be some resistance, without a doubt, to making the Head Teachers define how they were going to spend the capitation, because it's contrary to previous agreements" (Chief Accountant).

It may therefore be seen that substantially for non-cognitive reasons, cash limits remained the primary means of control over areas of Authority B's budget in preference to a deeper review of the purpose of the spending involved. The 'politics' of budgeting will concern us later: it may be noted here though, that an assessment of the degree of incrementalism in terms of the depth of review under the capitation system would have given misleading results if applied at the Chief Accountant's level, compared to what might or might not have

been the case (in this example) in each school.

A further area where any apparent cognitive role of the budget base actually found would depend on where one looked - and a further area of similarity with Authority A - was again that some areas of the base proved easier to review than others. Thus, the Architect observed how, in his department,

"... we can account for time. We can ... demonstrate by relatively simple equations, what numbers of staff are needed to do what work. We don't say, 'We are the Town Clerk's department, we need 200 people' - we say, 'You've given us a workload of so many jobs. So many jobs involve so many man hours at a certain level of professional capability'".

Variations in the ease and level of review may also be seen from Figure 8 below, which is an extract from a report on the budgeting techniques used in Authority B, put by the Treasurer to its Management Team. Nowhere did the level of review listed reach a Zero Base. Nevertheless, it may be seen that of the subjective categories (line-items) listed, "Building Maintenance", "Rent and Rates", "Agency Services" and "Debt Charges" (totalling between them some 33% of Authority B's gross budget in the year the report was produced) were all capable of a substantially greater level of review than the incremental archetype would imply. Indeed, the latter three were verifiable on a mathematical basis without the need for further 'digging' at all. Once again, therefore, the implication is that to talk of the cognitive role of 'the base' in a blanket sense was somewhat simplistic. Even with those areas of the base not listed here, such as wages, we again find ourselves coming back to the

Figure 8: Level of Review as Self-Perceived in Authority B (extracted columns)

Budgeting techniques used in the production of [Authority B's] Budget.

<u>Subjective Analysis</u> <u>Head</u>	<u>Techniques Currently</u> <u>Applied</u>	<u>[Improvements]</u>
Salaries	Current spend based on existing establishment updated for pay awards but adjusted to comply with vacancy rates etc.	Some greater justification of specific vacant posts and overtime.
Wages	No establishment ... budget based on existing trends and pay awards	Creation of establishment, perhaps related to measured hours requirement.
Maintenance of Buildings	Fixed globally by detailed schedules of need prepared for all services by Architect.	Greater justification for sum in development works.
Maintenance of Grounds	Principally based on existing requirements and levels. Work in hand to strengthen this.	Based on measured work requirements.
Fuel, light, water, cleaning	Variety of methods ... water charged on rateable value and calculated accordingly. [Rest] is largely incremental but cash limits applied.	Greater use of units and tariffs ... cleaning etc would require full ZBB - cash limits probably equally effective.
Furniture and fittings	Largely incremental but overall cash limit.	List of requirements for analysis and justification.
Rent and Rates	Based on RVs and legal agreements.	
Transport	Current trends. Work in hand to strengthen this calculation by hours of usage.	Service requirements calculated in hours.
Agency Services	Costs relate to nationally agreed scales.	Further justification needed in some areas.
Debt Charges	Mathematical calculation based on historic costs, current loans fund, rate of interest and future requirements.	

'political', rather than cognitive features of local authority life if we are to explain relative lack of review:

We've steered well clear of wages because until we've got a wages establishment, we're not going to get anywhere. We've never had one. Wages are a sacred cow ..." (Chief Accountant).

So far in this account, however, we have dealt with exceptions which may be pointed out to the 'normal' operation of the budget. Now, though, we turn to examining the review achieved as a matter of 'routine' by central treasury staff, if 'routine' is a definable category, when none of the many exceptions listed so far actually applied. What level of review does 'normal' budgeting routinely achieve? It may be seen from Figure 8 that work was in hand to strengthen the procedures used to compile the budget under the subjective heading "Maintenance of Grounds". The following extracts are taken from observations of treasury staff reviewing this area - in their 'archetypal' role as 'guardians' of expenditure - before these improvements were made. The example is of a large park and recreation facility as the major code, although this was in fact chosen at random. An invitation was accepted to observe the reviewing process during a particular week, but at any time during that week, and it was not known in advance which area of the budget would be dealt with. There are therefore no specific reasons why the extracts presented should be in any way 'abnormal', although this remains a possibility subject to verification from further research. The conversation is between Authority B's Chief Accountant and a budget assistant (labelled respectively CA and BA), taking place around a VDU giving access to the computerised budget database, code by code.

### Extract 1

BA "Licences. What are we going to have licences on? Has the road fund licence gone up in the past year?"

CA "Er, no it hasn't."

BA "So it could stay at around £200, although they didn't spend ...".

CA "Well, if they're parks staff, they're not going to want a licence for it, are they, because they don't operate on a highway. So it's only the stuff they've got that goes out on the road, the two tractors. Yeah, keep it at £200".

BA "R&R [renewals and repairs] fund contributions. I assume it stays at the original estimate because they're not having any new vehicles are they?"

CA "We'll think about that one, put it as a query".

Extract 1 appears to confirm the incremental stereotype: 'when in doubt, the same as last year', with the sums of money in each allocation as the indicator of need. Note, though, the level of detailed 'local knowledge' of this - randomly chosen - code, which even the Chief Accountant responsible for budgeting throughout the entire authority brings to bear on the problem. This echoes the finding noted briefly in Authority A - even if, in both cases, local knowledge is applied to reviewing the increment as much as the base. The R&R fund contributions were in fact formula-based, according to the value of existing vehicles and hence relatively easy to fix precisely.

### Extract 2

This extract is of the review of fee income:

CA "Fishing ..."

BA "[Name] thinks we'll get £3,000 but I'm not so sure...".

CA "Well, [name] goes fishing and they sit there all night and do it, so ... [goes to VDU to check winter income]. Yeah, there's a couple of hundred quid ...".

BA "So it looks as if it will be £3,000 this year ...".

- CA "Okay, so keep it at that .... Tennis. Does that happen all year? [goes to VDU] There's some there".
- BA "We might get a little, but not much before the end of the year".
- CA "He could go a bit higher, though, couldn't he? I mean, we're already above £8500. Go to £8800. That's fair enough. Is that pitch and putt? Gosh, that's down [goes to VDU]. That's a bit poor. And yet I see they still manage to lose as many golf balls. Sod that ...".
- BA "Football ... We've still got the winter to come. It looks pretty realistic, that £15,000".
- CA [Goes to VDU]. "I don't think they'll get quite that far. I think we'll query it, its a hell of a lot".

Once again, the activity here was, at the broadest meaning of the term, 'incremental' insofar as the two officers were constructing the base on which the budget estimate rested. Nevertheless, it can be seen that the level of 'local knowledge' applied to the task meant that the existing figures were never taken as *prima facie* valid in the manner of the incremental stereotype, but were challenged and amended as this was perceived to be necessary. It may be argued, rightly, that the charging structure in each case remained beyond review, but it has to be questioned whether this would be an officer-level function anyway. If not, then the cognitive limits 'hypothesis' - ie whether or not it was cognitively possible to review the charging structure - remained untested: it was not the officers' job, and accordingly they didn't try! It is also interesting here to note the ritualised 'guardian v. advocate' roles played by the two actors, as a means of arraying their 'local knowledge' to apply it to the task at hand and how these roles alternated as one or other of them acted as the 'devil's advocate' (cf also Danziger, 1978: p165). This was a feature of the entire observation, also hinted at in the other extracts.

### Extract 3

BA "This is an interesting point, actually. Since [name] left, a lot of their administration is done here at the Civic Centre, so their stationery and other admin expenses will be reduced. Also, I was wondering about our own admin charge [re-charge], if we should think of putting that up to match?"

CA "Yeah, okay".

BA "Postage. Now, they won't have that any more".

CA "Right, so we'll take it out then".

BA "Yes, that's all done through here, now. This 'other travelling'. I knocked it down because fares were going down. We don't know where we are on that do we?"

CA "They never spend it. Knock it down anyway".

Extract 3 shows once again, even at this micro-level, the extent of 'local knowledge' which budgeters bring to the task, and the level of review which this allows them. In this case, as a result of knowledge of the effect of the Parks' Department's move to the Civic Centre, one code was reduced and one code was deleted. The Treasury's own income was also boosted by the corresponding increase in the re-charge. Again, it is not claimed that this represented the maximum possible depth of review, since the existence of the service at issue remained unquestioned, but we have seen that this would scarcely be an officer-level task anyway, which leaves the 'hypothesised' impact of cognitive factors untested. Nevertheless, it may be seen that, with the existence of one code questioned along with the level of another, the incremental definition of existing spending as *prima facie* valid did not apply. The decision on 'other travelling' was interesting, in that the allocation was reduced virtually on the basis of a lack of knowledge: the Chief Accountant almost refused to allow himself to be distracted by the detail of the issue. An actor's cognitive limits, if such they be, are therefore not necessarily a hindrance (cf Brunsson, 1982: p35).

#### Extract 4

- CA "Ah, wash and inspection time. Now ...".
- BA "This is mostly wages".
- CA "Where's this got with you, John, at the Engineer's?" [calls across to accountant concerned].
- J "Nowhere. They're suggesting deleting it as a cut, it's inoperable".
- CA "What are they going to come up with instead?"
- J "Staff - early retirement. Apparently they've applied en masse".
- CA "Not so, actually. So, anyway, we'd better make a note of that. The idea was that other Committees would also partake. It looks like it's going to be impossible, because if the Engineer is going to drop the idea of the [vehicle] pool, it's obviously not going to happen elsewhere".
- BA "Delete it from the budget altogether, you mean?"
- CA "No, that was the idea, if you remember, the ending of this pre-start check, but there's been union opposition to it ... They used to get overtime to do it, and the idea was that they would do it in the normal day ... It's another one of these rip-offs. I think we're stuck with this one ...".

The three previous extracts were progressively less 'incremental': echoing the theme introduced on pl45 above, this extract shows, thus foreshadowing issues to come later, that even at the officer-level where a lack of review does prevail, this may be in recognition not of the cognitive but of the political facts of life in the authority. The generalised political reluctance to address the issue of wages, at least as seen through the eyes of the Chief Accountant, was noted on pl48, above. Similarly, in Extract 2, where a lack of review of price structures was noted, this was also due to a political lack of willingness to undertake the task, rather than to any officer omission. One cognitive feature to emerge from Extract 4 however, was the 'use' of the organisation - in this case the accountant dealing with the Engineer's Department, to gain further insight into the matter at hand.



On a general note, the role of the VDU attached to Authority B's mainframe computer budget database was interesting, in that although Extract 2 reveals this most clearly, it was continuously in use. It provided a rapid source of information and projection, thereby allowing each code to be examined more rapidly and thoroughly, as the need arose. Even Wildavsky, for all his scepticism, notes how:

"At the simplest levels, involving clear goals and calculable resources like writing cheques, the ever-increasing capacities of computerisation have relieved organisations of much drudgery..." (1983: p29).

It may be that at the level of drawing up and reviewing estimates the task of budgeting fits this description, thereby allowing computing to have its undoubted impact. If this is the case, though, then the cognitive 'hypothesis' is further weakened: as Greenwood et al (1977: p27) also observed, by their application computers do allow cognitive constraints in cases such as these to be genuinely negotiated.

We can now summarise the experience of reviewing the budget base in Authority B. As in Authority A, the initial impression is of the plausibility of the 'hypothesised' cognitive role of the budget base. However, also as in Authority A, review of the budget base was never an end in itself, so much as one of a series of possible means of economising and one which, furthermore, there was again a considerable reluctance to use. Thus, Authority B adopted a policy of cash limiting areas of the budget, thereby leaving spending departments to undertake their own reviews of spending as this was perceived to be necessary. Where cuts were made, this was done on a strictly pro-rata basis, maintaining the structure of priorities in the base at department level untouched. In each case, non-cognitive reasons involving either personal or political dispositions were cited for the lack of

review, thus leaving the cognitive 'hypothesis' used to structure the discussion at the very least unproven.

At the level of detailed preparation of estimates, it again emerged that some areas of the budget base were intrinsically easier to review than others, which fact cautions against using 'the base' in any overall sense: the level of review of the budget base actually found, even leaving aside the role of cash limits in shifting the burden of review, depended to a great extent on where in the base one looked. The extracts cited confirmed the problems of applying the incremental concept of an unreviewed budget base at this level. Although sums of money continued at times to be reified as output indicators, and although in none of the extracts was the theoretical maximum depth of review even approached, in some cases this was no more than a reflection of the actual role of the budget and of the broad 'officer/political' division of labour, much as we saw on p100 in Section (ii) above. As Authority B's Arts & Recreation Chief Officer put it,

"I know if I'm going to cut the grass x times this year, the same as I'd done last year, I'd need, say, £1m for a wages bill. The Treasurer knows that as well and ... he may say to me, 'Right, do you think you can cut back?', and I say 'Look, if that's 15 cuts instead of 17, I could, but that's a policy decision'".

This of course hints again at the political facts of life in the authority, which are to be discussed later: at other times, these impinged to limit the level of review undertaken even more directly and visibly than in the examples here.

However, and this is equally damaging for the cognitive 'hypothesis' of the role of the budget base, the extracts showed that even where the incremental stereotype did apply to any extent, this still

demanding a detailed knowledge of what was in the budget base. The act of constructing estimates was not simply the blanket application of vertical percentage changes - although this certainly occurred - but a fairly painstaking examination of each code, if only for variations from an expected norm, in which the actors observed displayed considerable 'local knowledge' of their areas of the budget. Only comparatively rarely were sums of money taken as *prima facie* valid - yet some of the sums in the extracts above were as small as £200 out of a revenue budget of £70m. It would appear that in order to budget incrementally, therefore, the actors in Authority B displayed a good deal of the allegedly impossible levels of knowledge which proponents of incrementalism claim it avoids. Whatever role the budget base did play, on this evidence it is hard to see how at the officer level it functions as a cognitive heuristic in the manner incrementalism describes.

#### (iv)(d) The Budget Base: Levels of Review

It is argued that the findings from Authorities A and B, while they do not actually disprove the cognitive 'hypotheses' of the role of the budget base around which the discussion was structured, nevertheless cast very substantial doubts upon their usefulness and accuracy as an explanation of resource allocation. One point still remains to be addressed, though. Part of Wildavsky's original specification of the budget base concept was that it is "... almost never actively reviewed as a whole ..." (1979a: p15, emphasis added), and it is this aspect which is examined here.

The ultimate validity of Wildavsky's observation is not denied. We

have already seen, for example, how the budget process is effectively factored through the organisation to different parts of the authority, which take all or some of the budget from their own 'points of view'. Wildavsky is himself keen to promote the virtues of overlapping sources of review, both internal and external, of different US policy areas, whether these be different congressional committees (1979a: pp47-58), or different review agencies such as the Bureau of Budget or Government Accounting Office or even spending departments themselves (1979a: pl8-47). In this way, any cognitive problems of reviewing the budget base would at least be circumvented to the point where each area of it could be sure of some form of review "... once in every four or five years ..." (1979a: pl50).

Where the task of constructing or reviewing the budget was factored through the organisation in Authorities A and B, though, we saw that this could plausibly be ascribed to non-cognitive features of local authority life - such as, at the simplest level, the basic officer-Member division - as to any cognitive factors. The key point here is that, clearly, one can review - ie, examine - a budget for different reasons. As Stewart (in Hopwood & Tomkins, eds, 1984: ppl5-19) shows, governments and local authorities may be held to account at different levels and on different grounds, whether these be probity, efficiency, congruence of spending with programme objectives, morality, or whatever. One part of the authority, such as one of its spending departments, may also be held to account in this way by another part such as its Treasury. Consequently, not only may different bonds or links of account requiring some form of examination of their activities be placed on different parts of the authority; those parts and even some outside bodies may have their own interests in reviewing

and examining the spending and activities of other parts.

The effects of this can be illustrated from Authorities A and B where at least the following individual or group sources of review were, in theory, separately interested (ie in requiring or owing account - or both - to or from other parts of the authority) as the budget was constructed:

- |   |                                       |
|---|---------------------------------------|
| (a) Departments and Departmental Budget Officers; | (g) Leader/leadership;                |
| (b) Treasurers' Budget Officers;                  | (h) Chairmen;                         |
| (c) Chief Accountant;                             | (i) Resources Committee/Policy Group; |
| (d) Treasurer;                                    | (j) Party Groups;                     |
| (e) Chief Executive;                              | (k) District Party;                   |
| (f) Management Team;                              | (l) Service Committees;               |

The budget process itself was in essence a set of complex interactions between these various actors both within each authority and also vis-à-vis external groups such as the District Party. Coverage of the budget base in different forms and with different objectives in mind therefore overlapped both across this list and up or down it. In addition though, there was also a series of 'non-budget' sources of review such as vacancy panels, performance review sub-groups, value for money groups and an array of internal and external audit functions, each with their own interests and to which account was owed.

The cognitive issue in all this is in effect the counterpart of the 'factoring' strategies observed in Section (ii) above in the discussion of cognitive problems of scale (although value decisions play a part, also) and is summarised by Wildavsky as follows:

"Instead of the enormous burden of calculating consequences for others being placed on one man or organisation, the fragmentation of influence insures that the task will be factored out to many participants ..." (1979a: p155).

However, Wildavsky himself seems to equivocate over the chain of causation. It is unclear whether the fragmentation he describes is a consequence of or reaction to cognitive problems, or whether the easing of cognitive problems is simply a side-effect of fragmentation which would have occurred in any event. The argument adopted here is the latter. Because of the presence of all the groups and interests listed, each with their demands or obligations of account, a single over-arching source of review would have been both superfluous and probably, politically (big and small 'p') unacceptable - irrespective of any cognitive factors. The easing of cognitive burdens, if indeed this occurred, was therefore more a consequence of the fragmentation rather than a cause, although we shall see that political interactions of themselves were (sometimes knowingly) used in a heuristic role as a means of allowing value choices to be made. The arguments here will be expanded later: once again, though, any cognitive 'hypothesis' of the role of the base (or at least the fragmentation of its coverage) would be open to suspicion of redundancy as an explanation of the behaviour in question. Once again, also, we have been forced to look beyond the cognitive limits strand of incrementalism to the politics of budgeting and resource allocation.

#### (v) THE BUDGET BASE, AND COGNITIVE LIMITS: OVERVIEW

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Such is the centrality of the budget base to the cognitive limits

strand of the incremental syndrome that we may reasonably form an overview of them together.

This examination of the cognitive limits argument rested on the observation that relatively little of what is often put forward under this heading appears to have been the subject of empirical observation of the behaviour involved (Danziger, 1978 being something of an exception). Accordingly, aspects of the argument were treated as 'plausible hypotheses' which, superficially at least, could have been apparently 'verified' from the data gathered and in terms of corroboration by other writers. (It is stressed again that the actual gathering of the data was not structured around these 'hypotheses'.) It is not then claimed that we have disproved these 'hypotheses': indeed, it is accepted that there must ultimately be cognitive limits on human behaviour. It is claimed, however, that on a closer examination of the data there are often equally or more plausible explanations for the behaviour often ascribed to these cognitive factors, and that the constraints which the latter are alleged to impose may frequently be at least partially negotiable.

Accordingly, the cognitive 'hypotheses' examined either provide unsatisfactory explanations of the behaviour observed, or at times simply do not stand up to the data:

- entirely non-cognitive - and extremely basic - features of life in Authorities A and B could equally plausibly explain the apparent factoring of problems through time and through the organisation, and also the fragmentation of coverage of the budget base;
- apparent cognitive problems of scale, to which in effect all three of the above features were 'hypothesised' responses,

may in any case be greatly negotiated given the availability of sufficient resources;

- budgeting was not exclusively line-item in the authorities studied, and neither did vertical comparisons in any sense replace horizontal ones, even if the latter tended still to be in monetary or percentage terms. In both cases it seemed easier to view these features where they occurred simply as part of an overall finance function, with each fulfilling a particular role, rather than representing the 'hypothesised' cognitive response to problems of making value decisions;
- an apparent lack of review of the budget base should not be confused with a cognitive inability to review it. Lack of review may be no more than a reflection of efforts to find the most cost-effective application of resources for economising, always a more likely expenditure of resources than review for its own sake. Equally, in the case of an apparent lack of review of actual priorities in drawing up the budget, this may reflect no more than the officer/Member division within the authority. We have also hinted that levels of review may be politically, rather than in any direct sense cognitively, influenced or determined;
- the budget base in its cognitive role should not be taken as a 'blanket' term because in the authorities studied certain - sometimes large - areas of it proved intrinsically easier to review than others;
- even incremental budgeting, at the detailed estimate stage, seemed routinely to involve 'local knowledge' to a degree which incrementalists claim would either be avoided, or is impossible.



In summary, therefore, the allegedly incremental impact of cognitive limits upon resource allocation in the authorities observed was either mis-specified in that it could not be found, not provable given the presence of other explanations for the behaviour observed, or highly variable without offering reasons as to why. These flaws are wide ranging: however, it will be argued here that the cognitive limits argument fails primarily because in effect it is too general in what it implies about human behaviour. Whilst it is intuitively obvious that there is a sense in which their cognitive capacities must form part of the (relatively general) context in which budgeters, like other human beings, have to operate, in no sense may these be said to determine and thus explain budgeters' behaviour. The cognitive limits argument of itself, like brute facts, cannot directly explain the variations already observed in resource allocation processes, because it cannot explain how and why the constraints which it held to be imposed came to be negotiated, whether consciously or unconsciously, by the actors involved. (Still less can it explain or even fully address the related issue of why some programmes do or do not receive funds (eg Schick, 1983: p3) and to what level, as lies behind, for example, the variations in critical policy style (Danziger, 1978: p76) observed in Chapter 3. We therefore need a conception of resource allocation that is accurately grounded in the diversity of human activity - even when acting in concert - rather than one which seeks effectively to 'standardise' aspects of their behaviour.

As a final comment, however, possibly the one significant contribution of the cognitive limits strand of incrementalism is the indirect one noted at the start of the chapter: insofar as a universally agreed point of view is unlikely, it may be seen as the root cause of the politics (big and small 'p') which, we have already begun to see, may

be invoked to provide explanations where the cognitive limits argument itself in its direct capacity fails. The superiority of a 'political' approach - suitably modified - over the cognitive limits strand will be developed in coming chapters. Before that however, we need to apply what has been learned to our original remit in Chapter 1 of using the lessons learned in restructuring the incremental/rational dichotomy. Accordingly, in the next chapter, we begin to build from what we have seen a theoretical framework of individuals' activity, for this purpose. The cognitive limits strand of incrementalism is deficient ultimately because its 'model of man' is deficient. We shall now begin a theoretical framework which learns from the deficiencies.

## CHAPTER 5. THEORETICAL DEVELOPMENT: INDIVIDUALS AND THEIR

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### CIRCUMSTANCES

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#### (i) INTRODUCTION

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This chapter turns to applying the lessons which have emerged so far from our examination of the brute facts of resource shortage and uncertainty in Chapter 3, and from the cognitive limits strand of incrementalism in Chapter 4. As reflected in the quotation from Machiavelli's "The Prince" at the beginning of Chapter 3, the key theme to emerge from what we have seen is that although the two brute facts and, in a rather different sense, cognitive constraints formed part of the context within which the actors observed actually operated, they nevertheless left those actors with choices of reaction open to them. If these choices were - consciously or unconsciously - made 'correctly', then the external or cognitive factors in question could be offset or negotiated. Thus, in summary, we saw how allocation levels continue to vary in the face of resource shortage; how the impact of uncertainty can be cushioned by 'slack' resources and by the use of the budget base to the point where its impact may be attenuated; and in particular how cognitive constraints - where these were identifiable separately from other possible influences on the behaviour observed - were frequently capable of being offset or overridden. However, the brute facts, and cognitive constraints (such as they are), are not of themselves capable of explaining how or why this negotiation occurs, and cannot therefore be said to have 'determined' the outcome. We therefore need a theoretical approach

capable of rectifying this omission and in so doing of addressing the issue of how far individuals may 'make a difference' for themselves in the face of the constraints upon them; at the same time, it will eventually be seen that we are laying the foundations of a framework capable of superceding the contradictions and inconsistencies of the incremental/rational dichotomy.

Framed in this way, much as we have hinted already, and indeed as we suspected would be the case before the research began (see Appendix), such a remit appears immediately to rule out, for example, 'contingency'-based conceptualisations of what we have seen so far. Whereas behaviour in the authorities studied was characterised by a variety of responses to, and negotiations of constraints by the individual actors observed,

"Research [within the contingency school] smacks of deterministic assumptions. The organisation is said to adjust to the environment. This entails a problem ... of adopting a simple, unidirectional causal assumption where it does not appear to be warranted" (Miller, 1981: p7, emphasis in original).

A similar point may be made of cognitive constraints, although these do not come within the range of factors which Miller has in mind. Nevertheless, although his overall stance remains within a modified contingency 'view', the sentiments he expresses here in some respects fit the data rather well. Clearly, a certain amount depends on what is understood by "adjusting to": an element of passive acceptance of events and constraints was present on some occasions, but we have begun to see that much the stronger theme to emerge was one of actors reacting to these events and constraints, on their own terms. They were not merely accepted: steps were taken to minimise or steer their impact and perhaps, as we shall see, even to turn them to positive advantage, much as Machiavelli envisaged over 450 years ago.

However, and here Miller's own analysis reveals its shortcomings, not only are contingency approaches too deterministic to capture realistically what was observed, but in seeking to explain organisational behaviour and structure they are based at the wrong level of analysis. We are trying here to explain the nature and operation of resource allocation processes, and have seen evidence that the key features in this respect are the perceptions of the individual actors involved as to the 'best' course of action in the circumstances - judged by whatever criteria consciously or unconsciously were taken to be relevant. If resource allocation is viewed in this way we shall see that the object of the explanation is no longer the organisation itself or its various structures, so much as the processes by which actors' views come to be formed and enacted. The organisation and its structures themselves become, rather, the arena within which the activity of interest takes place.

There are, though, further problems with contingency-type analyses. Miller's own approach in fact uses 'internal' contingent factors such as "strategy" or "decision-making style" (eg 1981: p9) which might be thought partially at least to meet the point just made. However, in operationalising these factors as 'variables', his approach effectively isolates areas of human behaviour from their context in a way which is unrealistic, and which comes close to reifying these factors by bestowing upon them direct causal powers which they do not have. This can be seen from the example in Chapter 3 where, initially as a response to uncertainty, Authority A constructed and enacted a standstill budget largely reflecting its Leader's autocratic pursuit of his own view of the 'right' course of action. Miller would presumably focus upon this autocratic style, albeit as part of a 'gestalt' (1981: pp9-15), ie, a coherent set of internal and

external contingent factors. In contrast, it is argued here that the nature of the Leader's perception of events and (as we shall see later) his active use of the tradition of autocratic decision-making in Authority A to strengthen and justify his position are at least as important in explaining the enactment of the standstill as the autocratic style in which it was in fact enacted. Hinings et al (eg 1980: pp16-18) and Greenwood et al (eg 1977: pp30-2) seem to make a similar mistake with their concepts of "values" and "interests" which, as 'variables', apparently help to explain the presence or otherwise of rational management structures, somehow independently of any action or application of them by the people whose values and interests they actually are! Indeed, Greenwood et al (1980a: p171) explicitly foresee that the role of individual actors in determining structures may actually decrease.

The real problem with all this is that "strategies" and "decision-making styles", and also "values" and "interests" are to a greater or lesser extent figure of speech abstractions from aspects of individuals' behaviour or views. Hence, although it may be intelligible to talk for example of the role of the decision-making style in Authority A in arriving at the standstill budget, as a figure of speech it should not then be taken as a logically identifiable and analytically sound explanation separately from the actors involved. Accordingly, the focus here is not on abstracted 'variables', whatever their shorthand value, but on the individual actors whose views and behaviour actually 'formed' the internal 'variables' immediately at issue, and which as we have seen also formed the mediating response to external brute facts.

Accordingly, following the increasingly obvious prompting which began

to arise from the data, we now begin the construction of an individual-level framework to meet the requirements which it suggested.

## (ii) INDIVIDUALS' ACTIVITY: THEORETICAL BASIS

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The starting point for theoretical development is very broadly (and, as the account progresses, much more broadly) the symbolic interactionist school of thought derived largely from the work of GH Mead, and perpetuated and developed by, eg, Blumer (1962); Rose (1962); Hall (1972); and Ashworth (1979). It will also become clear that much is owed in particular to the work of Mangham (1979). We have seen that prior knowledge of the ideas of this school had influenced the basically 'individualist' predisposition of the writer in his data collection and analysis: clearly, it would be implausible to expect a total absence of preconceptions! Nevertheless, in the "retroductive" manner outlined by Bulmer (1979: p659), the framework developed here emerged from, and is therefore justified by, the data inasmuch as it is 'realistic' and appears genuinely to enhance our understanding of resource allocation processes, for all the fact that its emergence then served to 'verify' the preconceptions referred to. (For further details of the theoretical development process, see the Appendix on methodology.)

### (ii)(a) Basic Concepts: The 'Definition of the Situation'

The initial premise from which the framework arises, taken both as

axiomatic and justified by the data, is expressed by Mangham as:

"The specifically human powers that we have related to our capacity to think, to plan and to monitor our own performance ...".(1979: p14)

Thus, we saw for example the various individual responses to cognitive constraints (see pp96-7) above, and the various perceptions of the actors involved as to the best means of negotiating uncertainty. Without going too deeply into the psychological and sociolinguistic underpinnings of symbolic interactionism, the basis of these 'specifically human powers that we have' is the self-awareness, for want of a better expression, enjoyed by human beings deriving ultimately from their ability to represent a situation and their role in it to themselves through the use of language:

"... the capacity to use language enables the actor to conceive of himself as an object unto himself; as a factor, that is, in his own environment ...

An organism which has some level of awareness of itself as part of the world has the potential for mastery of its own acts... Such an organism can anticipate the behaviour of others of its species and anticipate, monitor and justify its own behaviour ..." (Mangham, 1979: p26).

This capacity to anticipate and to form a view of one's own and others' behaviour is central to an individual's ability to function in a context containing other people:

"... each individual must be able to interpret his intended actions and the actions of others. In other words, the actor must be able to assign meanings to the acts of the other in such a way that he can act appropriately for himself"(Mangham, 1979: p30; second emphasis added).

Here we have the 'definition of the situation'. The term is usually ascribed to W I Thomas who captured what is meant with the epigram "if men define situations as real, they are real in their consequences"



(cited in Ashworth, 1979: p28). People do not react directly to each others' actions and to events and trends around them but on the basis of the meanings or definitions which they come to put on those actions or events: hence the importance noted above and which emerged in Chapters 3 and 4 on the perceptions of the actors studied in explaining the activity observed. However, we saw enough also to grasp that as well as embodying a perception element, definitions of the situation also embody a prescription, and are in effect a combination of the two. An event or events are perceived and meanings are ascribed to them by the perceiver: that meaning, though, will also prompt, consciously or unconsciously, a view as to the 'appropriate' response (even if this is 'no response') and it is this which is the prescriptive element of the definition of the situation in question. The twin elements of perception and prescription are scarcely separable in practice and are frequently simultaneous. Nevertheless, it is on this basis that two actors could perceive the same interaction, but each from their own viewpoint, and arrive at different prescriptions of the 'appropriate' action.

Now Mangham - and symbolic interactionism generally - are concerned mainly with definition-forming processes between individuals. Thus, both Mangham's own work, and that of, eg, Hall (1972) are overtly concerned with the interpersonal activity in the political (big and small 'p') arena, and in this context we shall see later that they are extremely valuable. However, we have not yet directly addressed the political and interpersonal aspects of resource allocation at all, but merely (usually following an examination of the responses observed to the brute facts of resource shortage and uncertainty, or in the light of the inadequacies of the cognitive argument) noted their existence. Consequently, the data examined so far is of interest here not so

much for what it reveals of interpersonal processes, but for prompting the emphasis that, often as a prelude to those interpersonal processes, actors also attach meanings as individuals to, and form definitions of these non-interactive features of their circumstances, even if on the basis of observing or learning others' behaviour towards them or on the basis of past interactions (Mangham, 1979: pp30-1). Many of the inadequacies of the cognitive strand of incrementalism, and the lack of a directly determining influence from the brute facts arose partly because, outside the more usual 'remit' of symbolic interactionism, consciously or unconsciously, actors also perceived these in their own ways and defined them 'accordingly', thereby mediating the impact of the factors in question on themselves and explaining in part the variations observed in their responses.

On this basis there are two specific levels of consequences of these definitions of non-interactive features. On the one level we saw that actors may form for themselves definitions of external events learnt about non-interactively (eg from the press) or aspects of their own environments, such as uncertainty, and arrive at their own conclusions prior to any interaction with other actors on the issue. These would then, subject to revision, form the basis of their stance on that issue. An example here might be each relevant actor's prescriptions as to the 'necessary' level of slack resources to maintain in the budget, given his perception of the possible range of future events. The level finally fixed would of course reflect discussions between, say, the Treasurer and his subordinate technical staff before it became 'the authority's' or 'officers'' response to the uncertainty defined to be present. Nevertheless, it remains possible that the initial definitions or standpoints which each actor brought to these interactions were formed on the basis of meanings attached by each alone to external events as he saw them. On the second level, though,

such definitions of non-interactive features may then actually shape the interpersonal and political definition-forming processes which occur. Thus, we saw from the extracts from the budgetary review process in Authority B cited on pp149-52, that each actor clearly had his own definitions of what the figures presented actually 'meant' in themselves, and thus of any corrections which were necessary. It was these largely non-interaction-based definitions held by each officer which then formed the basis of their discussions to define whether action was needed, or perhaps whether more information was required from the department in question, and which also thereby initiated further interpersonal or political interactions, or not, as the case may be.

Notwithstanding the emphasis here on definitions of non-interactive features, it should be stressed that the basic process of actors attaching meanings to their perceptions of events and then acting, as they took it to be, 'accordingly', remains similar to the interpersonal processes between individuals which are the more normal 'remit' of symbolic interactionism. The lack of stress so far on these latter, to repeat, merely reflects the preoccupations of the thesis so far, and this balance will be redressed shortly. However, for the present, we now have the basic outline of the concept of definition of the situation which the data examined so far suggested ought to apply. There are though, a number of refinements to the basic proposition and it is to these which we now turn.

#### (ii)(b) Process, Change and Stability

It is held that the process of forming definitions of the situation is

rooted in the very essence of human activity - we have seen for example that Mangham saw this ability as that which makes us distinctively human. Reflecting this, the concept does not apply at any one level of activity but universally and all-pervasively at every level of human behaviour. 'A situation' is simply a set of circumstances within an actor's - or an observer's - focus at a given time: the situation is defined by that focus. Accordingly, both observed and observer form definitions at all levels and to differing degrees of abstraction, but which might easily overlap or be completely subsumed within other definitions, or even where the meanings attached to what is observed are conflicting or contradictory. From the point of view of the actors observed here, definitions of aspects of budgeting, for example, may be conditioned by overlaps with others concerning the financial climate or the at times contradictory perception of the need to meet uncertainty with slack resources, the nature and financial status of the authority itself, how the actor feels that day, or whatever. From the point of view of the observer, the task is then to form definitions which are 'accurate' and consistent with the structure and nature of those - or those of them defined by the observer as 'significant' for his purposes - formed by the observed. Only then do we provide a truly realistic explanation of what is observed.

However, not only do definitions of the situation overlap at all levels and in all circumstances but, again reflecting its basic role in human activity, definition-forming is a continuous process as each actor perceives and attaches meaning to each new situation in which he finds himself or to which he shifts his focus. Again, this happens at all levels at which definitions are formed - which is to say, all levels, from say, entering a room, to meeting a colleague, to

finalising one department's estimates and beginning another's, to beginning a new budget cycle, or whatever. As Hall (1972: pp39-41) puts it,

"... there are numerous ambiguities, constraints, problems or conflicts which require new or changing definitions ... [A]ction emerges from the meaning given to the situation by the individual as a result of the interpretative process which occurs continuously and constantly as the individual moves from situation to situation".

Mangham (1979: p27) effectively makes the same point.

From a purely analytic point of view, though, such scope and fluidity would be highly problematic for any attempt to build a discriminating framework. Fortunately, running through the continuous and universal processes of definition-forming there are strands of consistency and recurrence. On one level, individuals define situations in ways which for whatever reason are distinctively 'theirs' (eg, Ashworth, 1979: p12), as in the observation, "I might have known so-and-so would do that", or in Mandy Rice-Davies' famous quip, "Well he would, wouldn't he?". It is this feature which allows people to form definitions of others' characters and views, and to learn a type of behaviour towards them which appears to be 'appropriate', be that to satisfy them or to realise some other objective of the actor's, or both. On another level, but closely related, these identifiable consistencies arise directly from individuals' abilities to learn and remember. For example, Mangham stresses that:

"Actors do not interact in a void and construct their world ab initio on each and every occasion, but they approach interaction already influenced by past social experience and, to a marked extent, their choices (insofar as they are aware of them at all) are limited, if not determined, by the pattern of behaviour most frequently utilised by other social actors past and present, in what are taken to be similar circumstances" (1979: p70).

Each definition formed is therefore substantially the outcome of the application by the actor to the circumstances in question of preconceptions consciously or unconsciously constructed from his past experience - that is, from remembered definitions of the situation 're-applied' to present circumstances.

Once again, the main interest of symbolic interactionism itself appears to be with consistencies and themes in interpersonal definition-forming processes which, for reasons we have seen, will interest us more at a later stage. Here, however, the data from our study of the impact of cognitive constraints and from what we have seen so far of the environmental brute facts emphasise that definitions formed of non-interactive features could also be remembered, to be re-applied as 'preconceptions', to subsequent events as these were consciously or unconsciously perceived to dictate. One very basic example would be the learning of 'workable' responses to constraints such as those arising from cognitive factors or uncertainty: thus, the use of percentage change comparisons and the provision of slack resources are not one-off occurrences, but recur year after year as fairly standard approaches. Certainly, particularly in the latter case, there would also be an interactive aspect, as the slack 'strategy' came to be applied to the circumstances as defined for the year in question, but the point still stands. The creation of slack resources was one of a range of 'stock' responses to uncertainty, in effect, and so it is likely that each actor involved, as for example in the quotes on p75, would have had his own definitions of the potential and scope for slack to ease the problems of uncertainty with which he saw himself or the authority to be faced. As such, these learned definitions of the non-interactive

feature of uncertainty would have had a substantial impact on outcomes and on the interactions which then occurred.

A second example would be with the preconceptions which budgeters brought to the task of reviewing the budget base, about which figures were, say, 'tight' or 'slack' estimates. Clearly, there is an interactive element present here, insofar as responses to the figures were defined partially in interaction - and the figures themselves could be construed as part of an interaction with service departments - but again, the point still stands. We saw, for example, from the quotation on pl44 above how the Chief Accountant expressed a strong preconception about the level of 'slack' in Authority B's budget as a whole, as a justification for cash limits: it seems improbable that such a position was defined without reference to characteristics of the budget itself, as a set of figures experienced and defined non-interactively, notwithstanding the interactive elements through which this preconception may then have been reinforced, channelled or modified.

It would now be useful to summarise what we have seen so far. Actors do not react directly to events which may then be said to determine those reactions, but form definitions of the situation based on meanings they attach to their perceptions of those events. As part of the meanings attached, these definitions also prescribe or imply to each actor a particular course of action, hence the variations in response noted in previous chapters to the environmental brute facts of resource shortage and uncertainty, and to cognitive constraints, where these could be said to apply. The use of the concept of definitions of the situation in this non-interactive context represents something of a divergence from the 'mainstream'

of symbolic interactionism which is itself primarily concerned with definition-forming processes between individuals. These, though, will be of greater concern later, in the context of the political strand of incrementalism and the interpersonal aspects of resource allocation which we have not yet directly addressed. However, we have also seen that whether interactively or not, the formation of definitions of the situation is a continuous, all-pervasive and very basic human activity - consciously or unconsciously it occurs at all levels, with 'situations' defined simply by the focus at the time of the person defining, and changing as his focus continually changes to new interactions, events, trends and constraints. Fortunately from an analytic point of view, we saw that there are also identifiable consistencies and themes which run through this defining activity, based largely on the learning and retention of particular definitions of the situation.

#### (ii)(c) Basic Concepts: Roles and Proactivity

Continuing with this theme of learned and recurring definitions, one crucial area already hinted at but demanding separate coverage, is the conception maintained by each actor of his own role. Mangham (1979: pp33-6), following Mead, speaks of each individual as acting through a 'self', representing the dialectical process between the 'I', which is his basic view of himself and his dispositions, and his 'me', which represents the individual's 'response to himself' in terms of what is required of him in each situation - from his own standpoint and that of 'the other'. As Mangham puts it,



"The self ... emerges from the process of interaction as the individual responds to and internalises others' definitions of him. Thus, in a very real sense I am what I take myself to be, but what I take myself to be is strongly influenced by what I take to be the attitudes and behaviours of others as I engage in the daily round of talking, competing or whatever" (1979: p34).

As the term is used here, roles then consist of those remembered definitions of the 'self' - ie, relating to the actor's view of himself, and to his stock of learned 'scripts' (Mangham, 1979:pp37-38) for particular types of situation - which are consciously or unconsciously applied to each new situation which he defines himself to be in and updated as this is taken to be necessary. Roles, it must be stressed, are not things but processes.

Once again, it may be seen that in symbolic interactionism itself the primary focus is on the application of the concepts of self to interactions between individuals. Thus, the ability to recognise the appropriate 'script' for the situation in which he defines himself or construct a role is integral to individuals' ability to interact with others (Mangham, 1979: p38) inasmuch as only then can the actor interpret the behaviour of others as it affects him, and then define what is required of him. This process of interaction is known as 'role-taking' (eg Ashworth, 1982: ppl2-15; Mangham, 1979: pp35-8): in effect, the actor defines to himself the requirements upon him by attributing an identity to the other - eg, crudely, 'Treasurer seeking savings', or 'chief officer hiding padding' - and adjusts his " ... own actions in the light of this attribution" (Mangham, 1979: p38; see also Ashworth, 1979: pl3).

Again, though, these more immediately obvious applications of the concept of role to interpersonal and political aspects of resource

allocation are beyond the coverage of the cognitive limits strand of incrementalism, and will therefore be of greater concern later on. However, to the extent that any definition of the situation has, as well as a perceptive element, a prescriptive side (see p169 above), it has potential implications for the actor's view of his own position and purposes in the world and may therefore consciously or unconsciously be remembered by him as part of his role conception. Continuing our earlier theme, the data examined so far suggests that our emphasis here should be on definitions which may be formed of, or greatly influenced by perceptions of non-interactive features in actors' circumstances including, for our purposes, brute facts and cognitive constraints where these apply. Clearly, role-taking between people is an interactive process: nevertheless, actors were also observed to take what they defined as 'cues' for their own behaviour from their perceptions of these non-interactive factors, which then recurred, so adding to their stock of definitions of their role. An example of this would again be the "pragmatic" role, in his own words which we saw on p74 above, that Authority A's Deputy Treasurer defined for himself in allowing a certain level of known padding in service estimates.

A second example of the part played in role-forming by a non-interactive feature was that of the budget itself. Thus, an accountant in Authority A noted how he saw his role in terms of "policing" the budget:

"... you can't just go out and spend, you've got to produce budgets and adhere to them. If you can't, there's got to be some reasoning. The budget is the bible, if you like ...".

Clearly, interactions with others would have helped the accountant to

define for himself the significance of the budget, and then his application of this definition to his scrutinising role through the authority. Nevertheless, the importance in his role conception of the non-interactive feature of the budget itself, in providing what he came to define as cues for further activity, may also be seen.

Roles, then, are used here as the culmination at a given point in time of the process by which individuals form, maintain and, if they take it to be necessary, update their definitions of themselves as they relate to what they see as their positions and purposes in the world. Given the basic part played by definition-forming processes in human activity and interaction, any definition may consciously or unconsciously be memorised by the actor as part of his role conception to be redeployed at a later stage to allow him to form a response as events are perceived to dictate. In this sense, it must be stressed that roles are not a 'sub-set' of definitions formed, but simply a particular perspective on the overall process of forming and re-forming them. However, although this makes it somewhat arbitrary to separate out any particular aspects of role playing, there is one characteristic which the data suggested it would be useful to synthesize. This is the extent to which actors' role conceptions lead them simply to react to events as they perceive them, or to proact with them and attempt to negotiate their impact.

It will be recalled that what was in effect the ability of actors to proact with their circumstances was advanced as a major reason why the cognitive limits strand of incrementalism was not actually very good at explaining the resource allocation processes studied. Our examination so far of the impact of the brute facts of resource shortage and uncertainty, and of cognitive constraints, has suggested

that any determinist view of those brute facts and also the cognitive limits argument itself are at once both too rigid and too general in overlooking the scope for negotiating these factors, and thus the variations in response which were observed. Ironically, Wildavsky, perhaps the principal exponent of the cognitive limits argument, himself recognises the proactive aspects of role-behaviour, noting that in approaching budgets and resource allocation we need,

"... to examine the orientation of the participant who considers the factors affecting his present position as given, and seeks to adjust his actions accordingly, versus the participant who views at least part of his environment as subject to change ... One person acts as if he was hemmed in on all sides, and the other, referring to much the same conditions, tries to alter [them]" (1979a: p20).

Presumably, given that he advances the cognitive limits argument in the first place, that part of the environment Wildavsky views "... as subject to change..." is less than in the stance taken here. Nevertheless he puts the point well: the proactivity or otherwise with which actors define their responses to events around them may of itself affect, and help to explain, outcomes.

We have seen that the data offered considerable evidence on which this proposition rests. Firstly, we saw for example how the impact of resource shortage has prompted some authorities to economise more than others, as reflected in the wide variations in spending levels beyond the extent which could realistically be portrayed as arising from demographic factors (see pp58-63 above). The actors involved in each authority, in other words, have in some cases been minded to reduce spending more or less, for political or other reasons, than in others: the level of proactivity towards the brute fact of resource shortage has therefore made a direct impact on outcomes, for all the

fact that resources have continued to be 'short'. Indeed, one of the criticisms of expenditure targets based on previous years' budgets has been that it is possible to inflate them through systematic 'tactical overspending' over a period of time, (ACC, 1985: p5), thereby directly and proactively negotiating the resource shortage actually experienced.

As a second example of how proactivity or the lack of it may have an impact on outcomes, we saw that the level of review of a budget is to some extent a function of the resources which the actors concerned have made available to overcome cognitive problems of scale. Clearly, at a time of resource shortage these are not unlimited: equally clearly though, we saw that in Authority B the stance adopted on review, particularly by the Chief Accountant with his computerised database, was more proactive than in Authority A. A third example was in fact the reasoning for this position in Authority A itself: we saw that rather than review for its own sake, a more proactive stance was taken instead by Treasury officers, with the Leader's sanction, towards reducing the level of capital debt and its revenue impact, culminating in the remarkable and highly proactive attempt to secure a massive low-interest foreign loan as a means of re-scheduling that debt.

Further examples of the significance of the proactivity 'dimension' of role behaviour will become apparent, particularly in the context of the political strand of incrementalism and the interpersonal aspects of resource allocation. However, we have gone as far as is feasible, in terms of theoretical development, on the basis of the data which has been examined so far and accordingly, we now conclude for the present our efforts in this direction.

(iii) CONCLUSION: WHAT WE HAVE OMITTED

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On the basis of the data examined so far on the impact of the environmental brute facts of resource shortage and uncertainty, and of our examination and critique of the cognitive limits strand of incrementalism, we have been able to construct the beginnings of a theoretical framework capable of genuinely explaining 'what goes on' in budgetary and resource allocation processes. However, one might be forgiven for thinking that the picture portrayed is, as it stands, somewhat unreal, with individual actors apparently single-mindedly and with dedication striving to define and negotiate the brute facts of resource shortage and uncertainty, and their cognitive constraints such as they are - but very little else. In a sense, this is a reflection of the limitations of any deterministic view of the brute facts involved, but above all it reflects the limitations inherent in the cognitive limits strand of incrementalism, not in terms of its overall accuracy as such, which has already been examined and fairly severely criticised, but in terms of what it omits of the activity in the resource allocation processes observed. In effect, we are criticising the cognitive limits strand for what it is not, and perhaps was never designed to be, which may or may not be unfair: nevertheless, the point remains that even if it were accurate, there would still be large gaps in our understanding of the resource allocation processes it is supposed to explain, because as we saw it serves effectively to 'standardise' the input from the individuals involved in a way which ignores their capacity to 'make a difference' within their surroundings.

As we have stressed, we have not yet addressed the 'political' strand

of incrementalism and interpersonal aspects of resource allocation, and for this reason we have yet to examine the data allowing us to apply the concepts of symbolic interactionism and above all, aspects of Mangham's "micro-political" (eg 1979: p16) approach, to resource allocation. For example, we have not yet addressed the possibility that actors will have their own 'private' objectives and definitions independently from what has hitherto been taken as 'the main business', that is to say, resource allocation and budgeting, but which can condition or entirely dominate their definitions and role conceptions as those relate to budgeting itself (eg, Wildavsky, 1979a: pp19-29). As a second example, we have yet to address the possibility that actors may actually disagree as to their favoured course of action (whether 'unselfishly' pursuing the task of budgeting and resource allocation itself as they see it, or whether pursuing their own objectives) and that these disagreements will need to be reconciled, even if to the exclusion of one or other points of view. A third area yet to be addressed is the possibility that actors will not act in pursuit of their definitions as individuals, but as groups: we would then need to examine the processes by which these groups come to define themselves or be defined as such, and how they then interact.

Moving to a more general level, the fourth area yet to be addressed is the fact that, given the possibility of disagreement or conflict, there is going to be an 'outcome' which may or may not favour one or other (or neither) group but which may therefore directly influence the destination of resources. What factors influence this? In short, we need a conception of power linked to actors' or groups' abilities to have their definitions of the situation enacted. This will lead us to two observations. First, outcomes may be compromises bearing the

imprint of all parties to the negotiation, while representing the preferences of none; second, and notwithstanding the first observation, not only do some individuals and groups routinely 'have more power' to enact their definitions than others, but this is in some measure influenced by the cultural rules and patterns of interaction which these individuals and groups come to allow to regulate their conduct. This in turn leads us to the concept of negotiated order, and to the power resources necessary to negotiate oneself into a position in the order where one's definitions of the situation are more likely to be enacted.

Only when we have reached this point will we be in a position to meet our original remit of providing a framework capable of making greater sense of resource allocation processes than the present incremental-rational dichotomy. Having been built out of our examination of how incrementalism caters for what it alleges is 'the reality', this framework will then allow us to outline the chances and potential of 'rational' prescriptions in the 'real world' of the interactive and political processes of allocating resources. However, the next stage in this process will be our examination of the political strand of incrementalism, and it is to this that Part III of the thesis now turns.



### PART III. RESOURCE ALLOCATION AND POLITICS

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(i) INTRODUCTION

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In the last Chapter we laid the foundation, from our examination in Chapters 3 and 4 of the impact of environmental brute facts and resource constraints, of a framework for analysing resource allocation. Building loosely on the symbolic interactionist concept of the definition of the situation, this framework is designed to accommodate the processes by which brute facts and cognitive constraints alike were routinely assimilated, by the actors observed, in ways which made a significant difference both to resource allocation processes and outcomes.

As we noted though, the account so far and theoretical developments from it are both 'unreal' and incomplete. Brute facts set the context within which resources are allocated, but contrary to the 'contingency' view do not explain what occurs because they have little to say about the variations in response which they were observed to allow. The effect is that their influence is itself variable. For its part, the cognitive strand of incrementalism is also responsible for much of this incompleteness because of its own narrowness of scope. We saw, first, that it likewise has little to say about the observed variations in outcomes because it is concerned mainly with the nature of resource allocation rather than its content (if anything, in their theoretical role of prompting marginal changes, cognitive constraints would tend to standardise outcomes). Second, we saw that the cognitive argument's coverage of the nature of resource allocation is itself either redundant where other explanations of what

was observed were available, or faulty and incomplete. In general terms, although our examination of both brute facts and cognitive constraints allowed us to see the scope for individuals to 'make a difference' in defining and negotiating their own responses to events and constraints around them (see also Danziger, 1978: p204), we have as yet omitted any direct account of resource allocation as an interpersonal, political process.

Accordingly, it is to the second, 'political' strand of incrementalism identified by Danziger (1978: p125) that we now begin to turn. In so doing, however, we need to have a clear idea of what incrementalism actually means by 'politics', and outlining this is therefore the next stage to be accomplished. We shall then see that the incremental view of politics, although embodying a wide-ranging and macro-level theory of political behaviour, is seriously flawed in many respects, leading incrementalists to a restricted view of what 'politics' actually involves. As these flaws are laid out, we shall be able to outline the conditions which our own view of politics will need to satisfy in terms of accuracy and congruence with the data.

## (ii) THE INCREMENTAL VIEW OF POLITICS

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### (ii)(a) Pluralist Bargaining

The political strand of incrementalism rests heavily on a generally pluralist theory of political action (eg LeLoup, 1979: p489), and as such contains a number of far-reaching implications which need to be clearly set out. This theory derives ultimately from the work of writers such as Dahl (1961) and Polsby (1963), however, taking

Wildavsky (eg 1975, 1979a) as the most notable 'political incrementalist' (in parallel with his interest in the cognitive strand of incrementalism), his clearest direct antecedent is Lindblom (eg 1965) and the latter's concept of pluralism as "partisan mutual adjustment" (1965: passim). Here, multiple but essentially self-interested actors and groups pursue their own objectives and points of view, in effect providing what from a global view are a series of 'partial' solutions to the issues at stake (eg Lindblom, 1965: p156; Wildavsky, 1979a: p166). To a pluralist, 'politics' is then the bargaining of compromises between these partial views and self-interests to produce, in this case, allocations of resources. These outcomes may actually represent the views of no particular party to the bargaining, but in reflecting their competing and opposing pulls in effect become the 'resultant' of (ie the compromise between) the pressures which each is able to exert (eg Lindblom, 1965: pp206-7), and as we shall see are thereby likely to be 'incremental' changes (however defined) from the status quo. As a corollary, the more pressures there are brought to bear on the 'resultant' outcome, the more interests there are reflected in it - and hence the greater the 'quality' of that outcome as a decision, in terms of the numbers of points of view it has taken into account and the satisfaction it will thereby have engendered (eg Lindblom, 1965: pp151-7, 240-2; cf also Jonsson, 1984: p132).

This last point is important: it should not be forgotten that the pluralism and partisan mutual adjustment underlying incrementalism are intended to be taken as political theories and processes of government at the highest level. It is the "... interests, preferences [and] values ..." (Lindblom, 1965: p207) in society around which the 'partisans' in question (eg government departments and personnel,

legislators, ministers, advisers, pressure groups etc) bargain their incremental compromises and reconciliations, in the national political process itself. As such, pluralist bargaining is then capable of attracting allegiance for its own sake (eg Lindblom, 1965: p264), as the means of government which a 'democratic' polity might be expected to choose:

"The danger of omitting important values is much greater when participants neglect the values in their immediate care in favour of what seems to them to be a broader view..."

"The partial approach is more efficient for resolving conflict, a process which lies at the heart of democratic politics... The formation of alliances in a political system that requires them is facilitated by the expression and pursuit of demands by those in closest touch with the social reality from which they issue forth" (Wildavsky, 1979a: pp166-7).

Again, the greater the number of partisans involved, the further the legitimacy of the pluralist political system is reinforced.

It might be asked how this relates to budgeting in local authorities! Pluralist bargaining is relevant at less exalted levels, however. Wildavsky himself makes much of the actual tactics and strategies of the partisan representatives of social values - in this case the agencies and individuals in the US federal budget process - in gaining or guarding funds (eg 1979a: pp63-126). Similarly, Danziger (1978: p125) also characterises the political strand of incrementalism as organisational "realpolitik", as in effect do Bunce & Echols (eg 1978: p919). Or again, nearer to our interests here, where Wildavsky talks of "guardian v advocate" bargaining (a metaphor often applied in UK local government - eg Greenwood 1983: p151; for a critical examination, see, eg Rosenberg & Tomkins, 1983: passim - and local government elsewhere, eg Larsson, 1982: p2; Jonsson, 1982: p65), in

pluralist terms it would seem plausible to view guardians and advocates as savings and spending 'partisans' within the budget process itself (see, eg, Wildavsky, 1979a: pp160-5), with incremental outcomes held once again to be the result of their bargaining.

In its own terms therefore, the political strand of incrementalism offers a description of resource allocation processes, and specifies a mechanism - ie bargaining - where their content and thus outcomes are also decided. Our focus would then fall on the definitions and role behaviour which each participant applied to bargaining to secure resources (eg Wildavsky, 1979a: p20), and on how 'allocated resources' eventually emerged from this. However, we have so far only seen a part of what the pluralist view of politics actually implies. When we explore further, we shall see that it is rather less suitable for our purposes than it might prematurely have appeared.

#### (ii)(b) Pluralism: Countervailing Power

Pluralism and partisan mutual adjustment, to repeat, originated as theories of the political system at the macro-level. As such, a mechanism is specified whereby in effect the system is capable of seeking and holding its own equilibrium which, loosely following Galbraith (eg 1977: p120), one might term "countervailing power". While Galbraith applies the concept in the specifically economic sense of competition across markets (eg 1977: p120), a similar mechanism is a key aspect of the claims of pluralism to legitimacy and allegiance, and it has substantial implications for attempts to apply the concept to the data here. It is therefore explored in some detail.

Pluralism views political interactions in aggregate as self-balancing. The many competing partisans in the political process create rival centres of power through which it becomes diffused and fragmented. Incremental changes are promoted because it is therefore relatively unlikely that any one partisan will consistently dominate either an issue or the system as a whole: rather, if a partisan looks set to gain a more general superiority, his rise is likely to be met by the countervailing power of other partisans with interests in coalescing in opposition. Countervailing power, in Galbraith's definition, is therefore

"the tendency of power to be organised in response to a given position of power" (1977: p121).

Thus, Wildavsky, for example, notes that his pluralist 'model'

"... permits each participant to go his own way until he discovers that the activities of others interfere ..."  
(1979a: p167).

Accordingly,

"Since ... no one group of men ... can necessarily impose their preferences upon others in the American political system, special coalitions are formed to support or oppose specific policies" (1979a: p131).

Each partisan will therefore very likely have to compromise or moderate his stance, either to attract a coalition in support, or to bargain with an opposing one. Indeed, in the knowledge that this is likely, partisans will often proceed by compromise in the first instance (it is held), rather than even attempting to 'go it alone' (eg Lindblom, 1965: p209).

As we have hinted, this approach to power fuses pluralism and incrementalism together. It implies that marginal changes from the status quo at any one time are the only ones which will "... lie

within the range of possible choices" (Bunce & Echols, 1978: p914; cf also Guth, 1976: p378), given the demands for concessions or even the veto of other partisans. Political feasibility, in short, then becomes the key determinant of outcomes:

"... [There is] a practical recognition of ... the power structure in a pluralist society ... Incrementalism as a strategy is more likely to command agreement and to meet the requirements of political feasibility" (Haynes, 1980: p105).

(see also Guth, 1976: p378.) Once again, the more partisans there are, the more this will be true as the impact of the countervailing power of 'other' partisans increases. Progress towards any objective is more likely to demand concessions; with increments in pursuit of an objective easier to 'sell' as a compromise than its realisation in one move, that pursuit will also become sequential (eg Lindblom, 1965: p147; Wildavsky, 1979a: p136 and others). Lindblom (eg 1965: pp147, 268-9) holds this to be beneficial because small steps in any one direction imply remediality: those interests which 'lost out' with one increment may be able to redress the balance subsequently. Benefit is held to accrue because incremental changes are implied by countervailing power to be reversible should sufficient partisans be persuaded that this is desirable (see, eg, Gershuny, 1981: p196; Hogwood & Peters, 1982: p228). As an aside, resource constraints would then increase these tendencies, because as allocation becomes increasingly zero-sum, progress towards one objective would be dictated by the compliance of others in foregoing resources for their own objectives.

In passing, however, Lindblom and Wildavsky appear here to be in conflict, because the latter adopts a concept of the budget base as a political construct which is at odds with reversibility. In Wildavsky's approach, the budget base stands in the first instance not



as a response to uncertainty as observed in Chapter 3 above, nor yet as a testament to the cognitive limitations of budgetary actors, but as the historical accumulation of previously bargained outcomes. Here, we have incrementalism's 'political' explanation for the lack of review which it claims. Particularly in Wildavsky's "fair shares" argument, the base comes to represent a source of precedents and priorities which, far from being reversible, tend to be protected by the expectations and opposition of those with a stake in the particular status quo which it represents:

"The base is the general expectation among the participants that programs will be carried on at close to the going level of expenditure ... Having a project included ... in the base thus means more than just getting it in the budget for a particular year. It means establishing the expectation that the expenditure will continue, that it is accepted as part of what will be done and therefore, that it will not normally be subjected to intensive scrutiny" (Wildavsky, 1979a: p17).

Accordingly, debate and scrutiny take place not in the base but at the margin where change is actually politically feasible, and it is therefore only here, if at all, that the reversibility argument would apply.

Leaving aside this tension between Lindblom and Wildavsky (it is returned to shortly), the claim that countervailing power renders overall domination either of an issue or of the political system itself unlikely is clearly a key factor in the inherent legitimacy which pluralism claims (see p188) as a means of running a polity. However, in emphasising their claim pluralists assert that this even-handedness applies not just to those who are already 'in' the political arena but also that any external groups or partisans will gain entry to the arena, and a voice in it should they mobilise to defend or advance their interests. As Lindblom claims,

"... almost any value that any even relatively small number of citizens moderately or strongly wishes to see weighed into the policy making process will be weighed in at some value significantly above zero" (1965: p229).

Wildavsky echoes this directly:

"... the ... political system works to assure that every significant interest has representation at some key point ..." (1979a: p130);

"... it is not a matter of a kind of noblesse oblige that assures that rival demands are considered. It is, rather, that the articulators of those demands insist on being heard and have the political resources to compel a hearing" (1979a: p167).

This claim to equality of access to the political system is not egalitarian as such, but is governed by a concept of fairness based on the breadth and strength of feeling behind the view expressed (eg Lindblom, 1965: pp242-7).

However, the key feature of this claim from our point of view is that it is based on a particular view of the nature of power. In equating access to the political system and a political voice with strength and breadth of feeling, the argument underlying countervailing power is 'one dimensional' (Lukes, 1974: p15) in assuming that all those who 'deserve' access to the political arena will gain it, and that 'politics' then consists of visible conflicts of those articulated interests; hence for example the stress on bargaining even if this is not necessarily face to face. Although Galbraith himself acknowledges that countervailing power may break down (1977: p130) and that it demands "... a certain minimum opportunity and capacity for organisation ..." (1977: p132), to incrementalists, far from groups not having "... the political resources to compel a hearing" as Wildavsky put it, a failure to be heard simply becomes a matter of omission:

"Those who claim that values are neglected but who are not willing to undertake the political work necessary to give them expression should not be surprised if they do not accomplish much" (Wildavsky, 1979a: p157).

We can now summarise what we have seen so far by observing that pluralism, underlying the political strand of incrementalism, implies a series of normative stances with implications much wider than any specific application of the latter concept. Leaving any view of the validity of these implications until we have further examined the data, we have: the faith that all those interests warranting it will gain a political voice and in the ultimate fairness of pluralism through countervailing power (presumably reflected in similar or 'self-balancing' trends in resource allocations); the "bias" (Self, 1975: p154) towards decision-making dispersed across multiple partisans and sources of power; and the 'conservative' view of the status quo and the suitability of marginal changes from it. If one then adds the specifically 'American' or 'Western', or even anti-Communist overtones (eg Lindblom, 1965: p87; Wildavsky, eg 1979a: pp130-1; see also Bunce & Echols, 1978: pp912-4) of the concept, then it becomes clear that pluralist theory has very wide-ranging ramifications indeed. Once again, it may rightly be argued that all this is a long way from incrementalism in a small sample of English local authorities, but that is exactly the point: as a preliminary conclusion, therefore, it needs at least to be appreciated that in employing political incrementalism we would be applying a concept of politics very much wider than the specific role envisaged for it here.

#### (ii)(c) Problems with Pluralism

There are then, however, a series of four analytic problems in

relating what we have seen of the pluralist view of politics underlying incrementalism to the data gathered here. These will now be outlined, not as a departure from our 'inductive' approach used so far of allowing theoretical developments to be prompted by the data, but simply as a presentational, 'ground clearing' device to illustrate more of the view of politics which we will take, and to structure the subsequent discussion. Where they are not based on what we have already seen, the outline conclusions which follow are fully substantiated in due course by the data from which they are derived.

The first and most obvious problem is the supposition that pluralist bargaining will tend to promote only marginal changes in allocations and priorities from the status quo. We saw in Chapter 2 that the marginality of change actually found will depend on where and when (ie over what time period) the observer looks, to an extent which probably introduces tolerances greater than the - by definition - relatively small movement being measured. We then saw in Chapter 3, however, that outcomes in fact appeared to vary due to the exercise of local discretion by much more than any likely tolerances in measuring them. This leaves us to explain how such variations occur - that is, why any countervailing power of overlapping feasibilities should apply more in some cases than others.

This is not difficult, but we shall see that pluralist theory as outlined here does not necessarily provide the answer. We shall observe instances, for example, where some 'crises' were almost universally defined to demand major change, and thus where marginal change was the one option not politically feasible at that time. In each case, the defined need was for drastic changes in allocation levels or priorities, but the debate (and thus any compromise or

countervailing of interests) was not so much about the size of change (which was effectively 'agreed' beforehand), as about content and means. We may summarise the point by noting that 'marginal change', however defined, may like any other size of change result from resource allocation processes, indeed it may even be the most likely outcome, but it does not necessarily result. Political feasibility, in short, is not uniform in impact. The outline conclusion, to be substantiated later, is accordingly that we need a concept of politics which makes no a priori claims about the size of any changes from the status quo which it promotes.

The second problem area with the pluralist/incremental view of politics, related to the first, is its treatment of the budget base. We saw above the internal tensions between Lindblom's claim for the reversibility of incremental outcomes arising from pluralist decision-making, and Wildavsky's view of the budget base as a source of precedent and priority protected from review or adjustment by the weight of mutual expectations. Clearly, the tenor of Lindblom's argument is that any reversals which occur will be as marginal as the increments they are reversing (eg 1965: pp268-9), but the tension remains: to what extent is the budget base, or is it not, protected?

In fact, Lindblom's argument is rather over-stated if only because, irrespective of political considerations, some increments will be difficult to reverse for reasons of sheer practicality (eg, Hogwood & Peters, 1983: p228). Gershuny (1981: p198) cites 'small' additions to a motorway as an example, and we also saw in Chapter 2 (pp41-3) how a "camel's nose" (Wildavsky, 1979a: pp111-3) was used in Authority A as a political tactic to initiate a larger programme of spending, presumably on the premise that disguised 'foot-in-the-door' increments

such as these do not, in fact, tend to be reversed. The problem here, though, is then that if the base is protected from review as Wildavsky claimed, this is at odds with the concept of countervailing power because it implies that the major area of the budget - the base - is not easily countervailed at all. Wherever the base stands, bargaining is held to move to the margin, so reducing the area open to dispute (eg Wildavsky, 1979a: p136; Jones & Pendlebury, 1984: p57), and to this extent at a given point in time the budget base is the negation of pluralist bargaining, even if its content was itself once bargained into being. Exactly how far we are meant to qualify the pluralist principle to accommodate the concept of the base (or vice versa) remains as vague as the definitions of 'incremental' changes from it reviewed in Chapter 2.

There are also problems with Wildavsky's political view of the budget base as it relates to resource constraints. We saw briefly in Chapter 3 that at the time of the research these were prompting the 'margin of feasible change' perceived in the authorities studied and perhaps generally to widen, albeit within the limits of continuing 'core' definitions about service provision per se. Where the former political infeasibility of reviewing the base rested on a lack of will at the time to question its content, that constraint may now be diminished. In other words, following from the problems noted above with the a priori assumption of marginal changes in priorities, we shall see that the boundaries set by political feasibility have widened, thereby reducing the role of precedent in forming spending patterns.

This is not to deny that it remains harder, politically, to prioritise cuts than, say, growth because this would involve going directly

against the grain of existing priorities in the base. Thus, a cuts exercise in Authority B was operated pro rata to spending, thereby leaving priorities undisturbed. As Authority B's Leader explained:

"I said to the [Party] Group, 'there's two ways we can do this, you can either have an across the board cut when you might be cutting things which frankly we think are important, or you can say, 'right, we're going to make heavier cuts in these areas than we are in that ...'' There's no way they'd take the second one, no way. The Tories quite rightly said, 'You're not looking at priorities', and I find it difficult to argue".

However, much as we saw in Chapter 2 the perceived salience of priorities in the base would again depend here on where one looks: within departments, perhaps even guided by the outcome of formal local debate in Committees, cuts were far more likely to have been prioritised. At the same time we saw in Chapter 3 that, as Rosenberg (eg 1982: pp8-9) also found, with the disappearance of the annual increment of growth in resources, debate and dissensus in local authorities have tended to increase, and with this has come a greater readiness to question assumptions behind the structure and means of service provision. Accordingly, we shall see that it has become easier to 'lose', and possibly to lose more than incrementally. If resource shortages become more severe, on the argument (to be returned to) here the priorities in the base may count for less and less as the demands of survival are perceived to take over.

Wildavsky - and pluralism - have little to say about the role of resource conditions in the varying political significance of the budget base. His concept of the budget base as set out in Wildavsky (1979a) is in any case based on US federal budgeting in circumstances which he earlier (1975: pp26-67) characterised as "rich and certain", neither of which adjectives readily applied to English local

authorities during the research period. (Indeed, in the same book he goes on to ascribe variations in the political role of the base to uncertainty rather than resource shortage - 1975: ppl14-64) - whereas we saw in Chapter 3 that reviewed or unreviewed, the budget base such as it was actually formed a response to uncertainty). It is therefore concluded in outline that even leaving aside the internal tension between the concepts of the base and countervailing power, a view of politics such as Wildavsky uses to argue for the budget base as a high and relatively fixed proportion of the budget is not well suited to our needs (cf also Schick, 1983: ppl3-17). Much as we saw with the pluralist prediction of marginal change, and as will become clear in due course, we shall need a view of politics which must certainly accommodate the base where this is relevant, but which makes no a priori assumptions of its existence or size as a proportion of the overall budget.

The third problem with the pluralist/incrementalist view of politics, relating to the second, is the assumption that all political activity is 'bargained'. Clearly, 'bargaining' may be defined very widely indeed, to cover tacit, unspoken or even proxy interactions. However, as 'exchange' theorists such as Scholl (eg, 1981: pp282-3) recognise in various ways, the central thread is that one or both parties to a bargain want something, however intangible, that the other has to offer, or as Georgiou (eg, 1973: p300) has it, the 'other' party possesses or offers an "incentive" to the first party to interact. Typically in pluralism, 'other' parties possess or offer the incentive of support for an objective, or a sanction or veto which they may be prepared to drop if the 'price' - ie their own 'incentive' - is right, with the outcome then having overtones of a barter. Wildavsky, for example, notes that:



"Dependence upon the support of clientele ... implies some degree of obligation and the agency may have to make some compromises. The interests involved may also have to compromise because they are dependent upon the administrators for access to decisions ..." (1979a: p72)

In principle, however, even within resource allocation processes there is no restriction on what may be the object of bargaining - allocations themselves are an obvious possibility, but typical non-monetary objectives might include information or Committee places.

Now, we have just seen that in Wildavsky's 'political-incremental' view of the budget base is that where the budget stands, political activity is deflected to the margin where incremental changes become possible. At this margin it seems plausible that bargaining may be a realistic description of what takes place. Certainly, we shall see that in many of the higher officer and political-level interactions observed, where any resources were allocated over and above those claimed by the demands of the base, or where any re-allocation or cuts were made, it seemed appropriate and useful to talk of 'bargaining', particularly if one took the term at its widest meaning. Unfortunately, though, even with interactions within what corresponded to the margin of bargained change around the budget base identified by incrementalists, we shall see that 'bargaining' was by no means always a satisfactory label. Thus, when a particularly notorious report advocating changes to Authority A's DLO appeared, the Deputy Treasurer noted how

"... I kept myself away from that. I didn't want to know at the time ... It was printed on a particular yellow paper and I began to see people with little or no possible connection walking around with copies. I remember there was a copy in [name's] room, he told me it was there, and I deliberately kept away from it. I didn't want to look at it, I said, because I thought it had been leaked".

It may be seen that, with the "incentive" of his desire for 'a quiet life', in effect the respondent was deliberately putting himself in a position where he had nothing to exchange or bargain had he been called upon to do so, as part of his definition of the appropriate response to the situation.

As a further example, incrementalists' over-rigid conception of the base, as noted immediately above and in Chapter 4, prevents them from even addressing the interactions which go on 'within' it - ie within the process of rolling forward and repricing the base for each year. (Although Wildavsky alludes to this, his references are rather more in the context of the cognitive limits argument which he also expounds - eg 1979a: p15). These interactions, in their way as much as more overtly 'political' ones, may materially affect the destination of resources, but are much less frequently in any meaningful sense 'bargained', even at the widest definition of the word. As an example, one might take the extracts cited in Chapter 4 (pp149-52) of the two budget officers in Authority B reviewing estimates. While each of the two had something the other wanted, such as support, advice or information, representing the incentives for them to interact, it may still be asked how useful or accurate it is to describe them as 'bargaining' in the pluralist sense, with its overtones, however diffuse, of 'bartering'. In the extracts, information was sought and freely given, with no particular terms attached to receiving it that could be ascertained: a barter or bargain as such therefore did not really occur.

This may be seen from the use which the two actors also made of the VDU terminal. Thus in Extract 2 (p149), while at some points (eg while discussing "fishing") the VDU was used by one actor to support

his own preconceptions, at other points (eg while discussing "tennis" or "pitch and putt") the VDU was used because in the first instance neither actor was sure of the position, and therefore had little to 'exchange' until the facts were known. Once again therefore, the term 'bargaining' with its implications of exchanges and incentives does not really apply. An approach which performs better, of course, is provided by what we have seen already of symbolic interactionism: with the help of the VDU, the two budgeters were 'negotiating' in the symbolic interactionist sense of the word their joint definitions of the situation with which the estimates were perceived to present them. Exchanges and incentives, and bargaining were in a residual sense some part of this negotiation, but they were not all of it.

To summarise, pluralist 'bargaining' may adequately describe some of the interactions observed, but even enriched by notions of "exchanges" or "incentives" it does not necessarily do so. Bargaining, exchanges and incentives may be prominent in definition forming, but they do not supercede or replace it and they may not feature at all. It is therefore concluded tentatively that we shall need a view of politics which makes no a priori assumptions about the type of interactions which will occur, but which must be capable of accommodating bargaining where this happens.

The fourth problem area with the pluralist/incremental view of politics develops the argument from the third: it arises from the assumption of countervailing power (as it is used in the pluralist sense) itself. The issues here relate not so much to the normative implications of the concept (which are discussed later) but its analytic application. Countervailing power, as an economist might say, is a 'long run' concept. Its claim is not that interests are

immediately countered by other interests, but that over time opposing coalitions will form as an interest becomes increasingly successful in putting its own point of view. The question then is just how long this takes, and here the concept is vague, mirroring a similar lack of precision (see Chapter 2) about what constitutes an 'incremental' outcome. These two areas are in fact linked, in incremental terms, inasmuch as the size of change in priorities would presumably be related to how fast the balance of power is changing as interests are countervailed.

This lack of precision is a serious weakness. Any balance of power may be changed at some stage, but there comes a point where the realism of expecting this to happen is questionable. We shall see for example that resource allocation in Authority A in particular has to an extent tended to occur within a series of ten year 'vogues' in favour of diverting resources to particular policy areas. Vogues have changed, but within the period that each was current, any potentially countervailing interests or initiatives remained less successful or even dormant. Clearly, ten years waiting for a vogue to change implies a very long-run view indeed, making it statistically unlikely that this will have an impact in any one budget cycle (or even in any one research period). Even if the vogue is eventually countervailed, therefore, the relevance of countervailing power in the majority of resource allocations may be questioned.

To return to the nature of the concept itself as it is employed within pluralism, however, it has been challenged on its home ground (the US) by, eg Bachrach & Baratz (1963) and Crenson (1971), and more generally by Lukes (1974), who argue in effect that there is no necessary reason why countervailing power should apply at all. Bluntly, as Galbraith

(1977: p130) acknowledges, some groups may always be better placed than others, irrespective of Lindblom's theorised power determinants of numerical strength and intensity of feeling (eg 1965: pp242-6), and even in the long run the balance of interests claimed by pluralism may not in fact result. This is not simply a matter of 'losing' bargained arguments: rather, groups and interests may be "organised in" or "organised out" (Schattschneider, 1960: p71) of political discourse or the political system by those with the ability to manipulate the agenda of political debate (eg Rosenberg, 1983: p39) so that arguments, far from being won or lost, never really arise. Thus, Dearlove, following Newton (1976) notes from his own study of Kensington & Chelsea that

"... groups which challenge the existing order either ... become more moderate to gain acceptance with decision-makers, or else they preserve their policy but remain relatively powerless ... [P]ropositions from pluralist theory fare poorly against the empirical evidence" (1979: p48).

We shall see that similar "organising in" and "organising out" of political activity also occurred within the authorities studied.

These omissions arise from what we have characterised, following Lukes (1974: pp11-15) as the "one-dimensional" view of power on which pluralism rests. It may be that if one concentrates as pluralism does on visible conflicts of interests (ie 'bargaining') within the political system itself, recording the ostensible 'winners' and 'losers' over time would produce evidence of countervailing power. Such a claim though, would be based on only a partial view of how political interactions do and equally importantly do not take place. Following Lukes, we shall see that we need a concept of power capable of being extended beyond the 'first dimension' to the 'second

dimension' where a group or interest may be denied the chance of expressing a view or access to the political system and so no conflict as such actually takes place. As well as looking at decisions and whose values these reflect, therefore, we need also to look at "non-decisions" (Bachrach & Baratz, eg 1963: p641), meaning not merely 'decisions not to act', but rather, less explicit exclusions from politics arising from the "mobilisation of bias" (Schattschneider, 1960: p71) inherent in the political process.

Beyond this, though, we then have Lukes' 'third dimension' of power (eg 1974: pp21-5) where conflicts of interest are not so much diverted and suppressed as subverted and moulded, to the point where the conflicts themselves remain latent and unperceived by those affected. The mechanism of 'third dimension' power is of direct relevance because resource allocation actors may use the effects of the conditioning of other actors' definitions in 'third dimension' power processes. For example, a Treasurer, without actually doing anything or even omitting to do something he might otherwise have done, might consciously or unconsciously benefit from perceptions of resource shortage not merely prompting spending departments to moderate their demands for resources, but also prompting the definition that their present funding levels were perhaps the best that could reasonably be expected in the circumstances. Those departments might therefore define their position as one of relative 'satisfaction' with their lot and thus be more amenable to economising even though their finances remained under severe pressure. We saw evidence of just this effect in Chapter 3 (p54-5), notwithstanding the increases in dissensus also observed, and further evidence of it and other examples will emerge later.

We can now summarise the problems posed by the concept of countervailing power underlying the pluralist aspects of incrementalism. Mirroring incrementalism itself, the pluralist use of countervailing power is vague, with no real definition of when a particular group or interest will be 'countervailed'. Further, there is some doubt as to the extent to which countervailing power should necessarily apply at all, because in its pluralist usage it rests on an incomplete and "one-dimensional" view of the nature of power. Beyond visible and bargained conflicts of interests there are further areas of interaction involving more tacit and less visible processes of suppression or subversion of interests and grievances which pluralism effectively ignores. It is therefore concluded that we need a view of politics which makes no a priori assumptions of countervailing power (but which can accommodate it where it occurs), and which is capable of accommodating all three 'dimensions' of power as these become relevant.

#### (ii)(d) The Incremental View of Politics: Summary and Conclusions

In order to approach the 'politics' of budgeting and resource allocation, we need to have some clear idea of what is meant and understood by the term 'politics'. Accordingly, we have examined the incremental view of politics, noting that it is based on the wide-ranging and normatively 'loaded' theory of pluralism, which bestows it with implications very much broader than budgeting and resource allocation in local authorities. It would therefore not be surprising if the incremental view of politics did not prove especially accurate when applied to the much more specific data here, and so, in a preliminary way, it has indicated. We have outlined a series of

analytic problems in relating it to the data, with interim conclusions (to be verified in what follows) that the view of politics which we adopt should:

- avoid any a priori assumption about the size and marginality of the changes in allocation and priority which will result;
- avoid any a priori assumption about the extent to which a budget base will be politically sacrosanct, or the proportion of the budget itself which this will represent, but remain capable of accommodating the base where this appears;
- avoid any a priori assumption that 'politics' consists merely of interactions which may be characterised as 'bargaining', but remain capable of accommodating bargaining where this occurs;
- avoid any a priori assumption of countervailing power and remain capable of accommodating all three dimensions of power where these occur.

In effect, these conclusions amount to a preliminary rejection of the infallibility of the pluralist view of politics underlying incrementalism, while accepting that some political activity, some of the time, may exhibit some of the features which pluralism emphasises.

However, while rejecting the incremental view as a reliable basis on which to proceed tells us what our view of politics will not be, this does not help in the more positive sense of meeting our objective of entering the 'politics' of budgeting and resource allocation knowing what we mean by the term. Accordingly, we now begin to outline the view of politics around the position just set out which met the criteria of accuracy and realism imposed by the data.



### (iii) REPLACING THE INCREMENTAL VIEW OF POLITICS

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The view of politics to be adopted builds on the theoretical developments in Chapter 5, following Mangham's "micro-political" perspective. Echoing Allison (1971: p145), he sets the scene thus:

"... since the conduct of organisations ... implies a degree of choice about direction, reasonable men are likely to differ about it ...

... [I]n circumstances in which men share power, differ about what must be done and where these differences are of some consequence, decisions and actions will be the result of a political process. ... [S]ometimes one group wins, sometimes another; sometimes one individual is able to impose his definitions and his solutions, sometimes he is defeated by another more powerful, more forceful or persuasive challenger. Perhaps more often than is acknowledged openly, the actual decision and resultant action is an outcome of the struggle itself, something which no one individual or group initially preferred ... Decisions and actions in organisations may be seen as the consequence of the pulling and hauling that is politics..." (1979: pp16-17).

As we saw in Chapter 5, actors define the situation in which they perceive themselves to be, and also trends and events around them as reported in conversation, the press, working documents, etc, in terms of the meanings they attribute to what is perceived; they thereby form a view of the implications for their own behaviour. These definitions, as we also saw, may relate to non-interactive features of the actor's frame of reference at that time, such as his workload or the financial position of the authority, etc, and to what these imply for the role which the actor defines and constructs for himself. On many more occasions, though, or when he is attempting to enact his definitions of those non-interactive features, the actor's definitions will relate to how he should define, or apply his earlier 'learnt' definitions of role vis-à-vis other actors: ie, how he should behave towards those other actors and what their behaviour means for him. In short,

in defining his course of action (even if this is 'no action') the actor interacts with those around him. Interaction is likely to be necessary whether he defines his role in terms of pursuing some private objective; or in terms of a wider and less 'self-centred' definition relating perhaps to what his department or authority 'should be doing'; or, perhaps the most likely, some combination of both.

This type of activity is taken here as 'politics': in a nutshell, it is the interactions between actors attempting to pursue their own definitions of the situation on the terms in which they define their roles. Its permutations, so defined, are literally limitless, because politics arises from the basic processes by which individuals relate to each other. Thus, according to the definitions he forms of his role, the actor's political behaviour may embrace the entire spectrum of 'behaviour' in general: from conversation and humour through discussion and persuasion to bargaining and negotiation, and thence to coercion, manipulation or deceit. The 'objectives' may involve cooperation with, securing the support of, obtaining the permission of, out-maneuvring or whatever, the other actor with whom he is interacting. (The term 'interaction' itself is defined as the outcome where courses of action have mutual consequences: it need not imply face-to-face contact or even specific mutual recognition and, indeed, it need not actually imply intent, although clearly there are limits beyond which it is not meaningful to stretch the term.) All the time, those 'others' may be engaging in similar behaviour(s) towards the first actor, perhaps prompting him to define the situation to require a range of 'responsive' or even 'defensive' behaviour. He may at any

time fail to enact his definition, redefine the situation accordingly, and perhaps initiate a whole new set of interactions.

Further, because politics stems from the basic feature of human interaction, it occurs in any and every setting where interaction occurs. As Mangham puts it, his political model

"... has its foundation in what can be observed in every-day behaviour ... [T]here is no discontinuity between behaviour in families, in clubs and in voluntary associations and that observable within organisations. In short ... all behaviour at all levels and in all circumstances may be regarded as political ..." (1979: p18).

Consequently, contrary to the view of politics implied by, eg, Danziger (1978: p204) and others (eg Hofstede, 1981: ppl95-8) it is not something which can be adduced to explain some features of processes involving human interaction - in Danziger's case 'deviant' resource allocations - and not others. Politics as it will be viewed here cannot be 'switched on' or 'switched off', except insofar as the same thing happens to the individuals' interactions on which it is based, which does not appear to be Danziger's claim and which is in any case implausible.

A further consequence is that the range of dimensions of 'political behaviour' - eg conscious or unconscious, trivial or non-trivial, overt or covert, face-to-face or tacit interactions, or conflicting or coinciding definitions, etc - which the observer could apply, is virtually limitless. The restricted typologies proposed by, eg Greenwood et al (1980a: p120), Farrell & Peterson (1982: pp405-7); and even Wildavsky (1979: ppl7-19) only begin to explore the issue, notwithstanding the claims of, eg, Farrell & Peterson (1982: p407) to have covered most of the possible options. On the view of politics to

be adopted here, therefore, it is effectively up to the observer to apply a typology, not in the belief that it is all-embracing, but simply to provide a set of categories which seem to him to illustrate the area he is observing. To this end, one dimension which consistently emerged from the data here, already introduced in Chapter 5, is the varying proactivity with which actors defined their roles and other features of their surroundings, and pursued these definitions through their interactions with others. We saw earlier that what an actor tries to achieve - and thus, to an extent, is personally able to achieve - depends on whether, in defining or applying his role, he views the factors and in this case people around him as 'fixed' and simply 'to be lived with', or amenable to change, persuasion or manipulation.

Viewed from another angle, proactivity is one determinant of an actor's power, defined here as his ability to have enacted his definition of the situation (cf also Benson, 1977: p13) in whatever the circumstances in which this is attempted. As the 'currency' of politics, power is likewise as wide in its scope as human interaction, and indeed beyond: thus, as well as having power in relation to others, it is also intelligible to speak of one's ability (power) to enact definitions of non-interactive features, such as having the strength (ability/power) to lift a weight where this was defined to be necessary, or likewise the capability (ability/power) to review a whole budget. However, while proactivity was identified as one determinant of actors' power, others will be drawn from whatever feature of their circumstances they (or those with whom they are interacting) are further able (have the power) to use or create (eg Hall & Bucholz, 1977: p8) or from which they may knowingly or unknowingly benefit. Quite literally anything in a given context (eg

Macmillan, 1978: p18), from personal attributes and qualities to external and apparently independent features of actors' circumstances, and including apparent handicaps, may be a power resource in this way, but critically depending on the use that is made of it.

As an example of this, we shall see that on occasion Chairmen used their relatively inferior knowledge of their subject compared to that of Chief Officers, which might ordinarily have been thought a considerable handicap (eg Gyford, 1976: p44), as a power resource in enacting their definitions by allowing them to avoid becoming embroiled in technical arguments where the Chief Officer was always liable to win. Conversely, of course, the apparently 'obvious' power resource for Chief Officers of their expertise in these cases remained ineffective. (In this context, although it is more besides, proactivity itself may be taken as the ability or willingness to use the features in one's circumstances in enacting one's definition.) However, we shall see in what follows that certain features and trends, in particular, consistently emerged from the data as at least available to resource allocation actors to attempt to deploy as power resources: these (together with the attempts to use them) will provide recurrent themes through our account, as part of the relationship between resource allocation and the organisational and wider contexts in which it took place.

More immediately though, one objection to the concepts of politics and power/power resources as outlined here is that in refusing to distinguish between behaviour in a family (as in Mangham's earlier example) and, say, a resource allocation process, they are at once everything and nothing. In their breadth and generality, they are

simultaneously too Machiavellian for every-day family life and too anodyne and inconsequential to capture the 'politics', as the term is conventionally understood, of resource allocation. On this argument, the analytic utility of either concept would then be questionable.

In response, recognisable types of interaction (in Mangham's terms, recognisable "scripts" which actors make use of in constructing their roles - eg 1979: pp37-44) will of course always be more likely in some settings than others: hence, it is for example (generally!) appreciated that 'politics' in the conventional sense and family life are clearly not 'like' each other and that people behave 'differently' in each. The types of power resources typically available in each will also be distinctive. The point, though, is that the basic 'mechanism' in each setting, of actors interacting in pursuit of their definitions of the situation, is the same in each case. In both, definitions may, eg, conflict or coincide, be conscious or unconscious, and more or less trivial, 'self-centred' or proactive; and, in both, actors will have different resources and thus vary in their ability (power) to have their definitions enacted. Further, in both, there may well be tacit or explicit 'rules' as part of the situational "script" guiding actors' applications of their roles and thus the interactions which take place, such as the family's choice of TV programme being allocated between children in turn, or Standing Orders governing the local authority's enactment of the budget, which actors may attempt to use as power resources, or redefine or interpret for the consumption of others but to suit their own objectives. Thus, someone might argue that as 'a special case' they should choose a TV programme out of turn, just as politicians attempt through using 'points of order' to establish their own definitions of standing orders as the basis for the conduct of business. And so on: each

setting is recognisably distinct, but the essence of what occurs in it is in both cases here - and in all others where interaction occurs - the same.

One could continue at much greater length. However, we have now seen sufficient to begin to understand what will be meant by 'politics'; further details, for example relating to the patterning of political interactions and to the power resources which actors are able to apply in enacting their definitions, will need to be supplied in due course, but to do so now would pre-empt the data even more than has been necessary already. We now begin to turn to the data, though, to allow a final series of points to be made, about the role of 'politics' as defined here. Having seen what politics is, we now examine briefly with the aid of the data what politics, so defined, does.

#### (iv) THE ROLE OF POLITICS

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Politics is interaction between people in pursuit of their definitions of the situation: it consists of people seeking to have their views of what is right and best for them, or for their families, professions, local authorities or the world in general, translated into action wherever they attempt this. Politics occurs because with the inherent subjectivity of the attribution of meanings through definition-forming processes, we have seen that there are seldom if ever 'answers' which appear to all to be so universally and obviously 'right' as to require no interaction to establish the fact, and therefore because 'partial' answers - ie actors' own views and definitions, however considered and well thought out - are all that is possible. It is then the presence

of other actors with partial answers of their own in the form of their own definitions and views which means that mutual implications are likely, and that account may directly or indirectly, and willingly or unwillingly, have to be taken of them before action (even if this is 'no action') results.

In this sense, while the attempts within the cognitive strand of incrementalism to link specific features of budgeting to cognitive constraints were virtually dismissed in Chapter 4, as we also noted briefly (p90), at the widest level politics is itself 'a cognitive limits' phenomenon (with Danziger's original distinction between the two strands of incrementalism - 1978: p125 - for all its usefulness, becoming at the extremes rather arbitrary). As differing definitions of the situation are brought to bear on the issue at hand, representing competing or complementary partial answers, political interactions in effect combine them to provide an 'overall' - ie, agreed - answer as to the 'choice' to be made. This is not to claim in any way that this overall answer will be 'objectively' correct, but simply that in combining subjective viewpoints, politics provides an answer where none - or many - had presented themselves. Politics, in short, is a means of making (value) decisions.

For all the flaws in the pluralist grounding of his work, the cognitive role of politics is grasped especially clearly by Wildavsky. Thus, as we have seen, he notes that, rather than pursuing the possibility of an 'agreed' view or 'right' overall answer in the first instance, a more sensible approach is where:

"Intellectual cogitation - putting people through their paces guided by a single intelligence - would give way to social interaction in which each bid and bargained with the other until they had done the best they could" (1983: p34).



This is because:

"The process we have developed for dealing with interpersonal comparisons ... is ... political ..." (1979a: p130),

where,

"It is much simpler for each participant to calculate his own preferences than for each to try to calculate the preferences of all ..."

"Because the approach is partial ... [i]t permits each participant to go his own way until he discovers that the activities of others interfere" (1979: pp166-7).

If we amend the underlying pluralist bias here, so that each actor's views are partial answers not just because they are self-interested, but because whether they are self-interested or related to a much wider focus they are based on the subjective attribution of meanings to what is perceived, it may be seen that Wildavsky's view of the role of politics is mechanically very similar to that advanced here.

Examples of the cognitive role of political interactions were abundant, although there were some which were particularly explicit in illustrating how this role was 'played'. The first of these was the extracts presented in Chapter 5 (pp149-52) from the two budget officers in Authority B in the process of reviewing estimates. A key feature of what was observed was that it was the interactions themselves (cf Mangham, 1979: p17) between the two officers which helped to fashion the 'answers' which materialised, as can be seen for example from the discussions of road fund licences and fee income from fishing or tennis in Extracts 1 and 2. Neither officer began with a clearly defined definition of his own of the correct level of allocation, but rather, a definition emerged from the interaction between them and the pooling of meanings attached to what was observed. These interactions occurred within an ad hoc framework

arising, as we noted earlier (p150), from the two officers defining their roles in stylised 'guardian' v 'advocate' terms (although within the usual meaning of the metaphor, both were of course 'guardians'), as a means of arranging their discussion around the estimates with which they were dealing (cf Danziger, 1978: p165). In this way, their respective 'partial' answers were combined to form, for them, an agreed definition of the situation as the basis on which to proceed.

The area of guardians and advocates, in particular, offers further examples of the cognitive role of politics, with actors' definitions and role-playing almost literally combining as "calculating mechanisms" as Wildavsky (1979a: p160) puts it, and where "problem solving by confrontation" (Jonsson, 1982: p79) was very clearly the response to the demands of combining 'partial' answers to produce a definition of the situation on which to base further action. However, the guardian and advocate roles were often not played by the actors concerned in the manner which Wildavsky and, apparently, Jonsson, envisaged, particularly in instances where the Treasury might otherwise have been cast as the 'guardian'. Rather, as we have already seen in the context of budgetary 'slack' (pp74-9) and as the following examples show, the precise configuration adopted depended on actors' definitions of the interests at stake and of the nature of the issue concerned.

Thus, in Authority A, the desire for the Housing Revenue Account (HRA) budget to 'yield' a certain level of rent rise prompted a series of negotiations between Treasury staff and the Housing Chairman to balance the budget so as to 'arrive at' the desired rate rise to fund it while meeting the further political wish for a break-even, rather than a subsidy of the HRA from the Rate Fund. The Chairman's desired

rise was £1.50 per week, large enough as he saw it to leave a surplus to subsidise rents in the next year, which was an election year, but not so large as to raise protests in the coming year. When the budget was completed for this coming year, though, the rent rise which was implied to supply sufficient income to maintain a break-even on the HRA was £1.60. The nature of the resulting balancing act was set out by the Treasury's Housing Accountant:

"... we bring [the budget] together and say 'Right, that's it, that's the deficit, that means a rent increase of whatever to break-even'. The Chairman ... looks at our contingency for inflation and says, 'Is there any slack in there?' We usually say 'No'. The other two big items are repairs and maintenance, and debt charges. They used to use repairs as the balancing account, but they've had a bit of stick over various repair jobs. So it's down to debt charges ..."

Accordingly, as the Deputy Treasurer continued,

"When we went through [the Chairman's] budget with him, he and we decided ... we needed a bit less spending or a bit more income to make possible the £1.50. In the event, we rounded down our interest rate prediction, I think it was by half a per cent ...".

Thus, the figure of £1.50 was realised by using the prediction of interest rates built into the budget as the 'balancing' item. The half-per cent adjustment was in fact worth £1m, a sizeable sum.

It may be seen how, with the two 'partial' answers available - '£1.50' and '£1.60' - a figure, and how to achieve it, were agreed through the interaction itself. The two positions served in effect to produce as a resultant the final outcome: the Chairman's figure, but on the Treasury's definition of which figures (ie not the inflation contingency) could be manipulated to produce it. The Chairman and Treasurer themselves confirmed the 'bargained' nature of this particular set of interactions and the definition eventually arrived at. Thus, the Chairman commented that:

"You can vary predictions as much as you like, but you have to accept you're taking a political risk and you have to make it clear that you've had advice from the Treasurer which you're not rejecting ... but taking a risk in not accepting as such ... But, knowing Treasurers, they're always over-cautious, aren't they, they're bound to be. I think one tries to balance that closely ..."

The Treasurer, on the other hand, seemed willing enough to confirm this, thereby disclosing his own tactics:

"[The Chairman] had a problem and asked what my forecast of interest rates was going to be, and knocked half a per cent off. I'm not too heart-broken to be honest, because our estimate tended to be cautious ... I believe what went in this year was half a per cent on the high side".

The effectiveness, on this particular occasion, of such bargaining in its 'cognitive' role of fixing a view of outcomes that were as then unknown, is attested to by the fact that the outturn expenditure on debt charges was almost exactly that implied by the compromised figure!

As a final comment on this example, the highly 'situation specific' nature of guardian v advocate role-playing in fixing their definition of the situation and making the decision on the basis of which, action was to proceed, may again be seen clearly. Having found a divergence in possible answers to the rent rise issue of 10p per week, negotiations to close this gap centred on reducing the service estimates themselves, or reducing the area for spending for which the Treasury was responsible, namely the estimate of debt charges. The Chairman ostensibly 'won', but all the time guessing correctly that the Treasurer had built sufficient 'slack' into his estimate to be able to stand the reduction without undue discomfort. In negotiating the outcome both actors, in effect, were guardian and advocate

simultaneously, according to how they defined their interests in specific aspects of their negotiations to fix the final figures.

A further illustration of how guardians' and advocates' roles, as defined, combined to play a cognitive role in allowing budgetary outcomes to be negotiated where the desirable level is not immediately obvious - and also, once again, of the fluidity in the way those roles are played and by whom - comes from Authority B. Following its £3½m cuts exercise noted earlier, a series of fortuitous windfalls left the authority with a higher level of funds than anticipated. It was therefore decided by the leadership to restore £1m of the cuts and hold the rate levy for the coming year at a standstill despite the Treasurer's view that:

"They've left us with a very tight situation which you could consider wasn't really necessary. They called it an over-assessment of need to cut, but one way or another that's placating people, isn't it? If they want to put a million back, we should have left the contingency at £4½m, more in balances, and put about 3% on the rates ..."

The Leader's rejoinder to this was:

"We're only putting £3m in contingency, but £3.2m in balances, £6m in all. With the balances, anyway, the Treasurer always consistently under-estimates. Over the years you get to know your Treasurer, and I reckon that that £3.2m is £4.5m in anyone else's money I mean, this year we reckoned to finish with £3m and get £8m. Apart from that, we do have a capital reserve with about £2m in it if we really get stuck".

Once again, therefore, the Treasurer could be observed simultaneously acting as a 'guardian' towards service spending, where he evidently felt that the £1m restoration of cuts should not have been made, and as an 'advocate' towards the contingency reserve and balances wherein lay his own margin for error. Again, also, we saw how the politicians were conscious of the Treasurer as an advocate as well as a guardian,

and allowed for the slack which they suspected he would have built into the estimates, in order to support their own desires for a certain level of spending. By such means did the guardian and advocate roles fit together in Authority B as Wildavsky's "calculating mechanism" to fix the eventual outcome, albeit in a much more fluid manner than he appeared to envisage, in each particular situation according to each actor's definition of his own interests in balance with those of the authority.

These guardian v advocate interactions are of course particularly explicit examples of the cognitive role of politics in negotiating an 'order' from the competing definitions offered by the actors concerned: because political interactions are the basic mechanisms which combine value preferences, the range of other ways beyond those illustrated here in which they may determine outcomes is huge. However, having outlined our view of what politics is, and consequently what it does, it is to illustrating the trends and features which were revealed within this range by the data that we now turn. For convenience, the area may be split broadly in two, in terms of the political interactions around the review and revision of the expenditure and existing commitments within the status quo, and those around the actual allocation of resources. Equally broadly, there is an extent to which the latter of these two areas corresponds to the 'orthodox' view of politics in local authorities as something carried out between 'politicians' and perhaps Chief Officers at the 'margin' (however defined); whereas the former comes into the picture having been recognised as 'significant' following our broadening of the concept of politics to include (in this case) interactions within what would be delineated by incrementalists as 'the budget base'. Clearly, this division is highly arbitrary, with each aspect overlapping and

meaningless without the other, although to an extent it is similar to that made by Greenwood (1983: pp157-63). For our purposes, however, it does allow particular issues to be highlighted, and the shortcomings of political incrementalism which emerged from the data here to be attributed in full. Chapters 7 and 8 therefore illustrate the 'politics of budgetary review', while Chapter 9 covers the 'politics of resource allocation'.

(i) INTRODUCTION

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The 'politics of budgetary review' is the interaction observed around, and concerning the choices arising in, reviewing and revising the budget base, viewed here as the existing financial structure of activities in each of the authorities studied. As incrementalists such as Wildavsky recognise, (eg 1979a: p13), the subject is therefore connected intimately with 'the status quo', as defined, applied, or appealed to as a precedent. In this chapter therefore we look in general terms at the issues of review and revision which the data revealed, in order to ascertain exactly what 'the status quo' in the authorities studied actually represented. Was it something fixed and universally defined, or was it capable of interpretation and redefinition by those with the ability/power to do so? If the latter, how did this come about, and what impact could 'the status quo' itself then be said to have had? What then would be the consequences for the politics of budgetary review (or, as we shall often call it here, the 'politics of the status quo')?

We can introduce our exploration by recalling a number of observations from earlier chapters. We saw in Chapter 3 that resource shortage had over time effectively undermined the shared assumption in local authorities of an annual increment of growth in resources. Although on the evidence of the authorities studied the actual timing varied, this had prompted the questioning and revision in turn of further commonly-held definitions of the means and nature of service provision, and a greater willingness to review efficiency and



effectiveness in meeting service needs (eg Greenwood, 1983: pp158-167)), albeit not in the authorities studied, at that time, a willingness to reconsider 'core' definitions of the desirability of services in themselves. While, as we also noted, this inevitably produced tension and dissensus, there was also promoted nonetheless a greater awareness of financial issues and the financial position of the authority. Formerly this had been the preserve of the Treasurer but now:

"I think financial stringency and greater financial reporting even in the junk press has made everybody more aware, and therefore the comments which used to come only from the Treasurer now come from other officers and even Members and the Chairman" (Deputy Treasurer, Authority A).

This combination of financial pressures, and the greater awareness of and willingness to respond to them, meant that rather less was taken as fixed or given, and that, as we also noted earlier, the margin of feasible change within the authorities studied was effectively, even if not simultaneously, widening.

Approaching this from the inverse point of view, it also implies that the budget base in its political role as a source of precedents and priorities had become a smaller component of the overall budget, as those precedents and priorities began to be questioned. (This is of course quite distinct from the role of the budget base - reviewed or unreviewed - observed in Chapter 3 as a 'holding' position in the negotiation of uncertainty). The logical extension of this trend is that if resource shortages became severe enough, then the pressures of survival would prompt a review of the priorities and precedents in the base, leading perhaps to the wholesale rescheduling of the budget as these survival pressures were defined to dictate, much as Wildavsky (1975: pp136-165) foresaw in some conditions of resource shortage.

If so, this argument would also suggest that an authority's existing activities and commitments, which are often held to restrict available options and thus the level of activity around, and review of, the budget may not be as 'fixed' in the final analysis as they usually appear. Here, however, writers in the field and indeed those interviewed divided into two camps: those who would dispute the proposition, and argue that any view of an entire budget as, eg, a politically negotiated construct and hence open to re-negotiation is a "reductio ad absurdum" (Pendlebury & Jones, 1983: p7), and those who would agree with it. The dispute is of critical importance to understanding the nature and politics of the status quo and we therefore examine each position in turn.

## (ii) THE POLITICS OF BUDGETARY REVIEW: THE NATURE OF THE STATUS QUO

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### (ii)(a) The Nature of the Status Quo: Opposing Arguments Outlined

Turning first to the incremental argument that much of the budget is de facto 'fixed' and for all practical purposes something to be taken as given, we find once again that Wildavsky is as clear an exponent as any:

"The budget may be conceived of as an iceberg with by far the largest part below the surface, outside the control of anyone. Many items in the budget are standard and are simply re-enacted every year unless there is special reason to challenge them" (1979a: p13).

Jones & Pendlebury make the same citation, in arguing that:

"Perhaps the most obvious reason for using incremental budgeting is that many of the activities carried out in previous years are either mandatory, or are so fundamental to meeting organisational goals, that they will have to continue year in, year out. It seems sensible, therefore, to concentrate only on changes from the previous year because these might be all that are controllable" (1984: p56).

Similarly, Wanat (eg 1974: p1225-8) extends the theme of mandatory spending as an explanation of incremental change, as he sees it, in its own right, and Larsson (1982: p1) argues from incremental premises to the conclusion that "... drastic measures are normally impossible to carry through". Hogwood & Peters also feel that:

"... current politicians have little latitude except to try to pay for the commitments made by their predecessors ... The alternative is to undertake the difficult task of terminating or replacing these commitments" (1982: p227).

Accordingly, any claims for the reversibility of even incremental policy changes, such as we saw earlier that Lindblom - in conflict with Wildavsky's notion of the budget base - advances, "...[fail] to take into account ... the extent to which future options are shaped by incremental changes" (Hogwood & Peters, 1982: p228).

The argument that for practical purposes much of an authority's budget is 'fixed' and therefore beyond revision or review, then, points to statutory or practical realities as the reason for this, and for the lack of scope for more than marginal change. As such, it receives some support from the data. We saw for example in Figure 7 (p132 above) how the budget document in Authority A showed the present year's budget as the fixed base, with 'other' expenditure - ie genuinely 'new' items - shown simply as one increment among 'increased costs' and 'commitments' to arrive at the new budget. As a Chief Officer in Authority B reflected,

"When you look at the average departmental budget, look at the headings the Member has a real choice in ... He's got no choice in ... capital debt, wages, the salary bill, the fuel bill ... When you take all those away he's got very little left".

Similarly, the Leader of Authority A observed that:

"There is no real freedom to innovate, the limits are very small indeed. You can influence the way money is spent but you can't create a revolution. Each year you are picking up the product of the previous year. Your policies don't change all that much".

Finally, the Chief Executive of Authority C, perhaps unintentionally, underlined the possible role of legal constraints (see also Pendlebury & Jones, 1983: p7; Jones & Pendlebury, 1984: p56) as follows:

"We don't do anything we can stop doing. We're right on the legal level. You can always cut out a little bit, but that's insignificant. We've stopped some services, minor ones, but again, we didn't do a great deal in the discretionary line. Ours are mostly mandatory anyway".

The data therefore appeared to lend some support to what may be termed the 'fixed budget' argument, with respondents emphasising both the legal and practical constraints underlying to stress the irreversibility, as they saw it, of much of the budget. The implication of this is that a study of the politics of budgetary review and revision really need only concentrate on the margin where change is possible, because the bulk of the budget in the 'base' constitutes a block of faits accomplis effectively outside or irrelevant to the political interactions which make up the budget process. As Pendlebury & Jones succinctly put it:

"Clearly, when programmes have to continue year in year out (because of either legal requirements or practical realities) the politics of maintaining a substantial portion of the status quo are trivial ... [It] is only for marginal changes in the status quo that political processes become important" (1983: p7).

However, we now turn from the incremental/'fixed budget' argument to putting the various counter-arguments.

The argument we shall in fact adopt here is extremely similar to that

of Friedman (1975), cited and rejected above by Pendlebury & Jones as a "reductio ad absurdum":

"The continuation of the past into the present and the acceptance of proposals from one budget-making stage to the next is most assuredly a selection from among alternative courses of action. The absence of change is itself a policy choice ... There is nothing 'natural', 'accidental' or 'straightforward' about the incremental character of government spending. Consequently, there is little justification to interpret the stability and regularity of spending as the consequence of an apolitical ... process instead of as the result of the political policy-making process it actually is " (cited in Pendlebury & Jones, 1983: p6).

Similarly, Natchez & Bupp note that:

"... if there is any 'normal state of affairs' in the policy process, it is one of intense competition between programs for public funds ... There is nothing simple or automatic about [policies] continuing" (1973: p956ff).

Turning again to the data, a senior Chairman in Authority A observed that:

"Hopefully, I've managed to make some inroads, because I don't accept that 70 or 80% is fixed and you've only got 20% to manoeuvre. I don't accept that. Local government is one of the most dogged of institutions and it's like trying to move a bloomin' mountain, both to change the attitudes of Members and officers, but I think - I hope - I've got things going a bit ..."

Outwardly, at least, this respondent's attitude appeared rather more proactive than that quoted above of his Leader!

As we have hinted in earlier Chapters, though, proactivity and 'attitude' - as these arise from definitions of role in relation to events and other actors - are in many ways the key to the argument. Actors act on the basis of definitions of the situation which they form as they perceive the world around them. If some thing or some expenditure is taken as 'fixed', therefore, it is through being

defined as such. The 'fixing' resides in the definition itself, either in the first instance or after a (defined) failure to enact a definition that it was amenable to change; and either consciously or unconsciously, perhaps by the actor absorbing the most common or salient definition of that item made available (perhaps tacitly) by those around him. That is, the actor may be socialised into the culturally-based preconception that much of the budgetary status quo is or is not beyond any practical aspiration to alter it and that certain activities are effectively sacrosanct. This would happen as part of the basic fabric of shared experience and outlook which, at the 'background' and probably unconscious level, underpinned the more specific definitions which actors in each authority tended to form of events, trends and each other as these were experienced. To the extent that the margin of feasible change, as defined, was widening in response to the brute fact of resource shortage, it may have been socialised definitions of this type which were undermined or revised. Whatever their provenance though, it is those definitions of the situation themselves, through which the application of the status quo is 'enacted' through time, which are the key to the degree of change which will be possible.

#### (ii)(b) The Politics of Budgetary Review: Legal Constraints

The significance of the argument outlined may be seen, first, in the context of the legal constraints upon authorities (of which as we saw the 'fixed budget' argument makes much), which are held to impose mandatory spending requirements thereby either 'explaining' spending patterns directly, or dictating a restricted range within which

'politics' may have an impact on the status quo. At once, though, the data showed it to be easy to over-emphasise the uniformity of the impact of legal constraints. Authority A's Solicitor observed that:

"When everyone's trying to economise, people tend to do things of more questionable legality. Certainly, people are more litigious. Chief Officers or Committees keep trying to chop things out which as I see it they have a legal duty to perform. It's all a bit two-sided. On the one hand, I as a senior central officer of course back [the Treasurer's] efforts, but at the same time I feel I have to read the law for them all and maybe rein them in a bit".

Outwardly, of course, this supports the argument in favour of the fixed nature of legal constraints upon budgetary discretion, with the respondent in effect defining his role as maintaining those constraints despite pressure upon them. The crucial clue, though, is the words "as I see it": the implication is that the respondent's role was one of interpreting the law and supplying his definition of the situation for the consumption of the authority.

The theme of interpretation is developed considerably by Stewart in his discussion of "the myth of statutory constraint":

"The belief is widely held that the local authority's existing activities are largely required by statute and that the local authority has no discretion in carrying out those activities ...

... The myth has a basis in reality. The local authority is a law-bound organisation. It normally carries out activities only when specifically authorised by statute. Many of its activities are seen as mandatory ..." (1983: p146).

Similarly, Greenwood notes that local authorities tend to have "blindspots", where their activities, and often the level to which they carry them out are perceived to be legally defined (eg 1983: p160). However, as Stewart then adds:

"That is the basis of the myth. It does not follow, however ... that the local authority has no or very little choice over those activities. In many instances, the legislation laying duties on the local authority does not specify the level of activity or the way the activity should be carried out. There are rarely even clear minimum standards which have to be met ... In the final resort a local authority is responsible for its interpretation of the law, and therefore its level of expenditure" (1983: p147).

Following Stewart & Greenwood, therefore, and also consistent with Danziger's observation (1978: p40) of the very broad constraints imposed by 'ultra vires' and 'mandamus', our proposition is that the impact of legal constraints upon a local authority in maintaining its status quo is not 'direct' or 'objective', but rests upon their interpretation and definition. Legal constraints cannot of course be defined away entirely, but they can be defined into budgets with widely varying results.

Now, even those inclined to the incremental/'fixed budget' argument might feel able to some extent to agree with this, although they would then argue that for whatever reason, re-interpretation or re-definition on any but a marginal scale remains so unlikely that the possibility is for practical purposes irrelevant (eg Pendlebury & Jones, 1983: p7). It has to be said, though, that the variation between authorities in the levels and methods of service provision within such statutory frameworks as exist, indicating the lack of determining influence by those statutes, is impressive. We have already seen (pp58-63) the variation, over time, in spending levels per head between shire counties, which may to some extent be taken as indicative (cf also Audit Commission, 1985a: paras 7-9). Stewart himself, however, cites the rise in education standards within the one framework provided by the 1944 Education Act, and also the variation in refuse collection standards and practices (1983: p147). Similarly, Bell & Klenz note that the 1970 Chronically Sick & Disabled Persons'



Act laid considerable duties upon local authorities to provide for the welfare of disabled people, but even so:

"Different criteria for interpreting the Act have given rise to wide variations in the way that services are given in different local authorities" (1981: p71).

Definitions of need may also vary greatly between authorities in housing, even with its extensive statutory framework (at the time of the research, parts of the 1936, 1949, 1961, 1969, 1972, 1974, 1975, 1980 and 1982 Housing Acts were still in force), as evidenced by variations in the basic 'points' assessments for eligibility for council housing and transfers between dwellings. Roads are demonstrably maintained to differing standards in different areas. Transport subsidy levels vary greatly between areas and concessionary fare schemes are wholly discretionary. There is even variation at present in the assessment of apparently fixed categories such as fire-risk areas such that, for example, the ACC recently objected for this reason to a proposal to base the Fire Services' GRE assessment on this measurement (eg, DoE, 1985b).

On this reading, the politics of defining the meaning of such legal constraints as there are, and thus responses to them can scarcely be dismissed, as Pendlebury & Jones (1983: p7) assert, as "trivial": even if tacit and socialised, the choices involved quite clearly have a profound impact. It is not claimed (and neither did Stewart claim) that major redefinitions of what is implied by a given statute are necessarily easy to enact, because of the expectations and self-interests within each authority which attend the existing definitions (eg, Stewart, 1983: p149). As Schick (1983: p17) puts it, " ... expectations drive budgets ..." - but in many ways this emphasises our point. Legal constraints have not of course ceased to

apply, but neither have they ever applied in an 'objective' sense so much as through the cultural and socialised expectations outlined earlier which in turn condition what 'the law' is defined to imply.

The significance of all this is that these expectations are changing. As both Greenwood (1983: ppl60-1) and Stewart (1983: ppl46-9), and also the respondent from Authority A cited on p230 above, showed, the tacit and socialised definitions through which, previously, statutory constraints were 'translated' by each authority into implications for its spending patterns, have become harder to sustain in the face of the brute fact of resource shortage. While 'core' definitions about the role of services themselves had been retained, we have seen that at the time of the research the margin of feasible change as defined around these was widening, and it is plausible that at least part of this has occurred as the implications of statutes were, perforce, re-examined and re-defined. The Housing Chief Officer of Authority A supplied an example of how, within the many statutes governing housing, he was able to manipulate his authority's definition of medical housing need into line with the resources he had available:

"Because the GPs outside would immediately sign a certificate, we had thousands come in, and in no way could we handle it. Right now, it would have taken years for some of these people to be dealt with. I had to call the community physician and say 'Look, this is ludicrous, I just can't do it. Here's all the cases we've got, sort them out into some priority', because I knew the problem was [that] with the lack of resources I could only deal with priority 1. Well, he sorted them out into priority 1 and 2, and we were getting along with that. Then the cuts really came in, and nearly everyone was moving into medical priority 1, because the medical profession soon gets to know ... So, again, we had a discussion and we've now got three medical priorities ... "

Similarly, Greenwood (1983: pl60) notes an increase in explicit

analysis within local authorities of the extent to which their activities really should be defined as mandatory.

It is therefore concluded from this brief examination of legal constraints that Friedman's view of the budget, cited above, as irredeemably a process of choice is much more valid and useful than Pendlebury & Jones allow, and is probably more accurate at a time of resource constraint when culturally based expectations within local authorities are under pressure, than their own 'fixed budget' view. Legal provisions cannot of course be defined away, and there may come a point where they provide an unambiguous prohibition upon a particular course of action (or lack thereof), but the potential scope in the authorities studied for political interactions to define, or rather, redefine, and order choices and responses before that point was reached appeared to be substantial. If 'legal factors' were a discernible constraint on the level of revision to the status quo, therefore, this arose from the way in which consciously or unconsciously they were defined by the actors concerned, rather than from any 'objective' impact on expenditure levels.

#### (ii)(c) The Politics of Budgetary Review: "Existing Commitments"

This general line of reasoning about the status quo may now be developed further. So far, we have discussed the legal constraints which, as we saw, the incremental/'fixed budget' argument cites in its own support. It will be recalled, however, that notably in the hands of Wildavsky (eg 1979a: p13) but also of, eg, Hogwood & Peters (1982: p227), Pendlebury & Jones (1983: pp6-7) and Jones & Pendlebury (1984: pp56-7), this argument also rests upon the bulk of other commitments

in the shape of existing activities and expectations that these and their funding, and thus the promises and proportions represented in the budgetary status quo, will be maintained. Once again, the key to the issue is not these commitments in any 'objective' sense, but how they came to be defined as such by the actors involved, individually and collectively, and how those definitions came to be adopted as a course of action. Here, the data indicated that the issue has two broad, if overlapping aspects: the scope for varying definitions of what is implied by 'an existing commitment' and, whether or not this definition is shared, the scope for terminating it. The former is discussed here, the latter, in the next section.

The politics of the status quo is at its most obvious in terms of defining what the status quo actually is. As Heclo & Wildavsky (eg 1981: pp217-19) demonstrate, a precise definition of 'existing policy' at least at the national level is by no means obvious and will, at least at the margin, be the focus of considerable negotiations. On our definition of politics, it would be unlikely that aspects of the budgetary process at the local level were somehow 'excluded' from politics, as, for example, the incremental/'fixed budget' argument implies. As we saw earlier (p210), the nature of political interactions is such that politics cannot be taken as an 'on-off' process. This is not merely a quibble about definitions, although Pendlebury & Jones (eg 1983: p6) evidently have a fairly 'conventional' view of the term 'politics' in mind. One effect of the very wide definition adopted here is that it sensitises us to interactions which would not normally come within the scope of this conventional definition, but which may nevertheless have a considerable hidden impact on outcomes. In short, we need also to

examine the 'politics' that the 'politicians' seldom see, at the lower levels of the process.

Thus, the extracts in Chapter 4 (pp148-52) of the budget review process in Authority B show that existing activities of the type which some might take as 'fixed' (in this case the maintenance of a park and recreation facility) may in fact routinely be reviewed for 'padding' and the need to spend the sums stated, simply as part of the essentially administrative work of rolling forward the budget base each year. As we saw, estimates could be, and were, altered, and in some cases deleted, as part of the application of the status quo to, and its definition for, the coming year. The process was self-evidently one of (as defined here, political) choice, resting on the power resources of what was termed 'local knowledge' available to the reviewing officers, of whether to accept the estimates presented (either due to their appearing sound, or as we saw in Extract 4, for further Member-level reasons which the two officers were unable - ie, had insufficient power - to circumvent), or whether to reject or revise them. On this evidence there are no inherently 'apolitical' areas of the budget; any area may be the subject of choices which affect the definition of the status quo actually adopted. The fact that the 'politics' here was undeniably low-level does not mean that it was trivial: we saw that allocations of resources were examined, amended or deleted, not just marginally but to the full extent of each detail scrutinised, with the meaning of the status quo progressively negotiated and emerging as the outcome. At this level, therefore, Friedman's view of the budget as essentially a process of choice is once again far more justified than Pendlebury & Jones' dismissal of it as "a reductio ad absurdum".

What these extracts did not really show however, but which was one area where the negotiated nature of the 'existing commitments' in the status quo emerged especially clearly from the data, was the negotiation surrounding the imposition in both Authorities A and B of a standstill budget parameter, as a 'holding' response to uncertainty (and then in Authority A as the guideline within which the budget was actually enacted for the coming year). The negotiating and defining processes around the meaning of the standstill were attested to by actors in Authority A:

"You've got a problem with a standstill, because it doesn't always mean what it says. The standstill budget is generally taken to mean the same as last year, plus inflation. But let's say you've got £60,000 for supplies. To a large extent that's not specific and if you like with a standstill, you should say, 'Alright, what did you buy last year, which of those have got to be replaced?', but in most cases you find you get pushed to last year's budget level which is not ideal ... The amount you can show to be available or the controls you need to operate it affect the political thinking, but it's also vice versa ..." (Chief Accountant).

"The definition of a standstill you cannot give absolute rules for, because there've been decisions taken by Council or Committees during the year ... You arrive at a figure which, although the ruling is a standstill, can incorporate decisions which in effect have been taken over the last 10 or 15 months ... We do exercise a restraining influence on anyone's desire to slip something through that wasn't in last year's budget. If a department insists, we go to the Chairman, but in most cases we come to a reasonable compromise on interpretation" (Deputy Treasurer).

The use of the budget base - as outlined by the 'standstill' budget parameter - as a 'holding' response to uncertainty did not of course depend on whether it had actually been reviewed. Nevertheless, it may be seen from these quotes that the standstill was defined within what are hinted to be Member-level constraints which evidently prevented Treasury staff from enacting as tight a definition of it as they felt was warranted. It was the lack of ability (ie power) to enforce the

specification of exactly which items the standstill embraced, as revealed by the first quote, which prompted instead the use of previous budget levels, and it was around this that the negotiations and bargaining revealed in the second quote were necessary to define what was or was not meant by 'budget levels'.

Within the framework which this provided, however, even if the overall parameters were looser than the Treasury might have wished, the brute fact of resource shortage continued to provide the pretext (ie a power resource) for a rigorous enactment of their definitions in the negotiations required where the content of the standstill was disputed:

"You've got to bear in mind the overall state. I mean, if somebody came along and said 'We're going to restructure and save £50,000 this year, we can do this, that and the other', although they would be in their budget limits at present that £50,000 has got to be surrendered in the first instance to Resources [Committee]. With things as they are, if they want those extra things at all, they've got to give a report ... The Environmental Health people had a restructure and saved about £25,000. Immediately ... they said they wanted to do an industrial survey, which they had been talking about for years. I said, 'Well, fair enough, you've given up £25,000, but you'll have to get Resources to approve it because it not in your original budget ...'" (Accountant).

Even if savings were offered as a means of paying for 'new' activities these were still outside the definition of the standstill being applied, because they were not in the original budget, and thus required a special hearing at the Resources Committee - where the Treasurer was able to exert more influence, as we shall confirm. The negotiation of the standstill thus becomes clear, and once again the impact of resource shortage in undermining the socialised or cultural attitudes which underpinned definitions of the status quo may also be seen. It is difficult to imagine, for example, Treasury staff

succeeding (or indeed wanting to succeed) in enacting their definitions of the status quo even as far as shown at a time when, as the Accountant put it, "the overall state" was one where resources were more plentiful and where their pretext and major power resource would therefore have been absent. Perhaps the most important point, though, is that the negotiation and definition-forming around the meaning of the standstill was seldom as explicit as this example. We shall see shortly from data gathered from Authority B that much of considerable importance, was tacit, involving no necessary contact, but with actors trading as much in terms of anticipated actions.

Turning now to Authority B, a further aspect of the politics of the status quo revealed by the data was the manipulation of price bases to achieve 'hidden' economies within it. Argument about 'cash' and 'volume' (ie constant price) budgeting at the national level, notably between central and local government, is an established phenomenon (eg Heclo & Wildavsky, 1981: pp221-2), but the choice of approach at local level has considerable implications for our purposes. We saw in Chapter 2 that the measurement of one or other could markedly affect the level of incremental change observed: here, the impact is on what the status quo was actually defined to include. Defining it on a 'cash' basis at outturn prices incorporates an allowance for inflation up to the outturn, and thereby assesses the actual cost of the status quo over the period in question; a volume basis, by contrast, makes no allowance for inflation, but thereby provides a closer measure of what activity is actually occurring. A volume 'standstill' implies a further cash increase equivalent to the rate of inflation; conversely a cash 'standstill', because inflation has to be accommodated within that figure, implies a volume cut equal to the rate of inflation.



This latter was exactly what was imposed in Authority B:

"[Members] made a decision they were going to cash limit things. They're not that bright, as it were, and they hadn't realised the implications of what they were doing. The Leader knew, but none of the rest did. The whole point about cash limits is that no-one can follow the price bases. We said, 'One way we can hold spending back is to say, 'The estimate as it's printed holds to the end of the year'' and therefore it's a cash limit, and they agreed to that. Normally, there would have been supplementary estimates, but we said, 'The budget as it's printed holds'. We knew there was fat in there which could come out ... Last year we did the same thing, we did the budget at the previous November price base and quickly turned it into a cash limit, and still they never really twigged on this year" (Chief Accountant: part of this quote appeared on page 144 above).

For each of two years, therefore, 16 months' inflation (ie from the November in the preceding financial year, to outturn - March - of the financial year in question) had to be accommodated within budgets originally fixed in anticipation that inflation would be allowed as an 'extra' allocation. Inflation from the 'first' November in question to the outturn of the second year, on the basis of the RPI, was approximately 40%. Allowing for the 20% uplift permitted to construct the November price base for the second of the two years and also some special exceptions to the cash limit agreed in advance, this implies a volume cut of 15%, which is a substantial hidden redefinition of the meaning, in volume terms, of the status quo within its 'cash' definition. (These figures show the impact before allowing for the cuts exercise in the second year of the research discussed in detail on pp286-91 below). The elasticity of the concept of the status quo becomes clear. As a further consequence, the Treasury were able by means of this tactic to spare themselves the trouble of reviewing the service expenditure base for themselves, because to some extent the onus for doing this was transferred to the service departments themselves, as they sought to live within their enforced cash limits.

Once again, repeating the lessons of earlier chapters, it may be seen that the level of review actually found depends on where one looks.

On this evidence, therefore, the politics of the status quo arises because 'the status quo' and 'existing commitments', as well as the legal constraints examined earlier, did not in fact have an 'objective' impact upon budget levels so much as an impact through definitions formed of them, and these in turn had been conditioned by expectations arising from further definitions of the resources position. Wildavsky (eg 1979a: ppl11-15) shows how even in the wealthy (eg 1975: pp26-67) conditions of the US Federal budget, 'existing commitments' are defined and manipulated so as to attract further funds; indeed, we saw in Chapter 2 how Authority A's Planner adopted a "camel's nose" tactic of securing incremental allocations until commitment to his much larger overall objective became inescapable. Nevertheless, the evidence in general from the data here was that under conditions of resource shortage, definitions of what really was implied by, and what really was negotiable within, the status quo were being revised (see also Greenwood, 1983: ppl60-1; Stewart, 1983: pp208-9), if only as part of attempts to meet existing objectives more cheaply.

As our argument stands, of course, proponents of the incremental/ 'fixed budget' argument might still ask how this is relevant to those parts of the budget not affected by the negotiations shown: even, eg, Pendlebury & Jones (1983: p7) concede the scope for negotiation at the margin, and what we have seen by definition remains within the (albeit widening) 'margin of feasible change'. However, while we have not disproved the 'fixed budget' argument, we have seen enough at least to suggest, particularly at a time of scarce resources, that arguing that

the politics of the status quo is irrelevant or trivial offers a substantial hostage to fortune. The margin of feasible change has widened because it is based on expectations governed by resource levels which in turn are generally 'inadequate'; both inasmuch as old definitions and preconceptions of 'existing commitments' from further within the status quo are now coming under closer scrutiny, as the cultural underpinning of perceptions of the status quo as a whole are placed under increasing pressure, and inasmuch as the degree to which these commitments are likely to be redefined has also increased. At the very least, therefore, the politics of the status quo is a great deal more relevant and less trivial than hitherto: the interesting questions then concern the politics of how some commitments and not others remain immune from redefinition, if indeed they do!

#### (ii)(d) The Politics of Budgetary Review: Terminating Commitments?

In a sense, of course, our failure so far to disprove entirely the 'fixed budget' argument is to be expected because we have not yet looked at the possibilities of actually abandoning commitments rather than merely redefining their impact. The logic of our argument is that if resource shortages increase further still this is indeed what will happen, even if they are not, as Lindblom erroneously implied would be easy, actually reversed. There are many examples of where this point has come close: thus, hospitals have been built and immediately 'moth-balled' - even if not demolished - for lack of resources to run them, and the Transport Expenditure Group recently warned of the threat of enforced road closures if maintenance expenditure was not increased (DTp: 1985). Equally, as we have noted, school meals staff have been fired and re-hired on lower rates of pay

to break contractual commitments to pay them at existing rates. This example is especially significant because it appears to represent an inroad into the barrier of labour resistance which even Stewart (1983: p200), and others have sought to emphasise, and because it is an example of precisely the drastic change which Pendlebury & Jones (1983: p6) dismissed as merely a hypothetical possibility.

While the data from the authorities studied does not provide instances of major commitments actually being abandoned, there were several more minor ones, an example being a seaside holiday home maintained within Authority B's social services budget. Further, a major commitment in Authority A only narrowly escaped termination when a very large, but massively loss-making trading undertaking was saved from being shut down after a prolonged and extremely bitter argument (of which more shortly). As Ingelstam (1981: p213) and Jonsson (1982: p41) observed, sudden crises, such as the worsening position of this undertaking, make innovation and drastic response easier even if not, in this case, easy enough to close it. Although these writers themselves appear to have increases in spending in mind, it would seem at least as plausible that 'drastic' responses could include the opposite, in this instance the abandonment of significant commitments. The logic of what we have seen so far is also that, say, a sudden fall in grant levels could provide the necessary 'crisis'.

The answer to our question of whether commitments could or should be abandoned is therefore a probable 'Yes', even if not (quite) in the case of major commitments in the authorities studied. As we have seen, while the margin of feasible change was widening as the socialised and culturally-based expectations underpinning definitions of the status quo were placed under pressure, at the time of the

research certain core definitions of the desirability of service provision per se remained intact, hence the relatively minor terminations of commitments which were actually observed. The trend in resources, however, and the reduced expectations which this will prompt, should keep us alive to the possibility of increasing areas of authorities' budgets coming to be defined as expendable, and of the possibility of those definitions then being enacted.

#### (ii)(e) The Politics of Budgetary Review: Interim Summary

Concluding this general examination of the politics of the status quo, therefore, Friedman's view of the budget base as irredeemably a process of (political) choice emerged from the data yet again to be much closer to the truth than Pendlebury & Jones and other exponents of the incremental/'fixed budget' argument would allow, and probably rather closer than the 'fixed budget' argument itself. The politics of the status quo is extremely relevant: it is the tempering, at present, of socialised and culturally-based expectations that existing legal or other commitments will be maintained in their present form, with the reduced horizons defined in response to the brute fact of resource shortage. Benson notes that:

"Many of the conventionally understood features of organisations ... have a fictional character. The consensual understanding of these is so loose as to permit wide variations in responses" (1977: p7)

This alone suggests that the incremental concept of the budget base in its political guise should not be viewed too rigidly: however, the situation we are faced with here is one where the "consensual understanding" itself was being recast. Since the outcome could not

be guaranteed to maintain the status quo, but is rather more likely to prompt much closer attention to the previous tacit and socialised definitions of existing commitments and activities as 'fixed', it cannot be ignored.

Certainly, this response has varied in terms of economies actually sought and gained - both as we shall see below and as evidenced by the variations in spending patterns shown in Chapter 3 - but this only serves to emphasise the crucial truth running through our account: at the root of this variation lies the fact that resource shortage, and following from this, legal and political constraints and also those represented by 'existing commitments', have their impact in terms of how they are defined by the actors involved. We have begun to see that 'the status quo' is not something which is 'fixed' or 'objective': it is negotiated, sustained or modified through time, often tacitly or unconsciously, as a pattern of continuous definitions and mutual expectations by those actors. 'The status quo' - the budget base - is in effect a process: it is a part of what in symbolic interactionist terms is the 'negotiated order' (eg Day & Day: 1977: p127; Mangham, 1979: pp69-93) of definitions of which organisations are actually made up, in this case within what may be delineated as the financial structure of each authority. 'The politics of budgetary review', on this reckoning, is the negotiation of order (ie, the continuing formulation, combination and patterning of definitions) in relation to the status quo: that is, the day-to-day application by the actors involved of the 'status quo', as defined to that point, to trends and events such as resource shortage, as these in turn were defined to affect the position from within or outside the authority.

Further, while the brute facts of resource shortage and uncertainty

ensured that this process was more problematic than hitherto, and that the negotiation processes themselves therefore took on an added significance, it should be stressed that even had the budget base been entirely routinely reaffirmed, as Mangham recognises this would have been beside the point:

"In a number of routine circumstances there is room for improvisation and innovation ...  
... Both the routine and standard responses to circumstances as well as improvised ones depend upon ... processes of interpretation" (1979: p73).

The negotiation of order is frequently routine and mundane, but the social and political processes which enact through time and reaffirm 'the routine' are therefore nonetheless real and relevant, and it is this which lies at the heart of the failure of the incremental/'fixed budget' argument to capture adequately what was observed. That the negotiation of order around the allocation of resources may take on routine and 'incremental' forms is itself a phenomenon in need of rather more explanation and analysis than political incrementalism would allow.

With these conclusions in mind, we now turn from the general theme outlined to developing the argument by examining the particular patterns in the politics of budgetary review revealed by the data in Authorities A and B.

## CHAPTER 8. THE POLITICS OF BUDGETARY REVIEW: CASE STUDIES

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### (i) INTRODUCTION

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It may be gathered from what we have seen in the previous chapter and also from the treatment of the cognitive limits argument in Chapter 4, that the level of review of the status quo found in each authority is a function of aspects of the political configuration (ie 'political' in the very wide definition adopted here), in terms of whether areas of expenditure are 'open' to scrutiny, and also in terms of the resources defined to be available for reviewing activities. In this chapter we shall develop our argument by outlining the particular configurations in the authorities studied with a view to showing how the negotiated order in each which those configurations represented was sustained and redefined through time, as events presented themselves for assimilation, thereby giving each authority a distinctive pattern of reviewing activities and commitments. We have seen that maintaining and 'operating' this ordering of definitions, and revising it where necessary (ie where the definition of necessity could itself be enacted) was, in effect, 'the politics of budgetary review' in each authority.

### (ii) THE POLITICS OF BUDGETARY REVIEW IN AUTHORITY A

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#### (ii) (a) Background: Cultural Parameters

The background for our examination of the politics or negotiation of order around budgetary review in Authority A is once again the



boundary between the impact of the brute fact of resource shortage, and the retained 'core' definitions of the desirability of services per se. As we saw briefly in Chapter 3, for all the fact that the margin of feasible change was widening, those definitions continued to set the boundaries in Authority A beyond which solutions were not sought:

"What you're asking [Chief Officers] to do is say, 'Yeah, alright, there should be a Recreation Manager whose job it is to provide the most cost-effective recreation and entertainment'. What they must then ask is, 'But is running the [name] Hall the best way of doing that, or building sports centres?' I think, though, that the ultimate assumption is still that there will be a service. Take entertainments. You might be tempted to think that the private sector provides all the entertainment you need, but we provided the Concert Hall. If you left it all to the commercial sector, [name] Theatre would disappear because it's only there because us and the Arts Council fund it, and the [name] Hall would be a bingo palace. Similarly, the Council is the only agency in a position to supply swimming baths. Financial pressures may yet bring us to the point where we have to look again, but not yet, and it would be a major political decision" (Treasurer: part of this quote appeared on page 52).

To recap, therefore, in practical terms the impact of the brute fact of resource shortage in Authority A was such that means of reducing overall expenditure levels were actively sought and were the primary impetus for examining aspects of the status quo, but that the existence of services themselves had quite clearly not been questioned.

The search for means of reducing expenditure, however, was observed in Chapter 4 (pp137-9) to take a particular form. Leaving aside the routine work of rolling forward the budget base or of defining the meaning of a standstill in specific instances (although even here review and definitions, certainly of the meaning of the standstill, were not always as rigorous as Treasury staff might have wished - see

p237), there emerged from the data a distinct reluctance to examine separately the base of service expenditure itself:

"We may want to try to get within the Government target, which would save us the loss of £1m in RSG. That was what [Tory Leader] was getting at in the Council with his amendment [to the budget guidelines], but in fact there are better ways of doing it than having great arguments about reducing Committees' estimates" (Treasurer).

We saw in Chapter 4 that the level of review actually achieved was to a considerable extent a function of the resources made available for the task, and that in Authority A, as this quotation also implies, it was perceived that there were rather easier ways of achieving the desired level of savings, for example by the manipulation of budgetary income and debt charges, which were examined. While there were some exceptions, these accordingly became the focus of effort, with significant effects on how Treasury staff then came to define their roles.

Indeed, in evaluating the desirability of the review of service expenditure, where this did occur the prospect of immediate savings was consciously relegated to a lesser significance than the virtue of such activity for its own sake:

"The business about finding the odd £20,000 or £30,000 ... may not produce dramatic results but on the other hand it's very important if you're working corporately for every Chief Officer and department to be made aware of the need to pull together ... It makes them acutely aware of the need for efficiency. It's of psychological significance really ... What it does is have an impact on the performance of departments " (Treasurer).

Indeed, one review exercise which did take place in this area ended as a statement not about activity financed by the budget, but more about Authority A's means of classifying it:

"We've been attempting to look at heads of expenditure which are habitually underspent. One of the things that comes out is that if you pull out the underspends you should as the opposite side of the coin pull out the overspends, and say at some point 'our analysis of expenditure is going wrong. In order to be more accurate we should redefine. Of the [instances] I've looked at recently there are a number where one account shows an underspend and the immediately adjacent one shows an overspend. We'll have to take a look at that sort of instance and perhaps make some adjustments" (Deputy Treasurer).

Thus, what began as an exercise in locating slack resources (itself a means of reducing the size of a budget without affecting the activity being carried out) became instead an exercise in organisational rather than budgetary review.

The significance of this last point will be seen shortly. However, on the evidence so far, the politics of budgetary review in Authority A embodied the definition that in terms of the primary objective of achieving savings, review of the service expenditure base was relatively less important than debt manipulation, and that insofar as the former was worthwhile this was more for its organisational benefits. Leaving aside any review arising from the routine annual roll-forward, the service expenditure base itself remained relatively untouched: in terms of the order negotiated around the issue, the margin of feasible change had widened, but was as we shall see apparently defined in the particular direction of reducing the debt burden. The reasons for this state of affairs were complex, and put what is admitted to be a highly unusual overlay on the overall picture. Faced with a unique problem, actors within Authority A had negotiated an idiosyncratic set of responses to it and the status quo. While in some ways this reduces the applicability of the specific conclusions derived, as a general illustration of the negotiation of order around the status quo (as defined) it is all the

more vivid. Accordingly, we now explore the position by examining officer and Member contributions to it in turn.

(ii)(b) The Politics of Budgetary Review in Authority A: Officer-Side Configuration

Turning first to the officer side of Authority A, the first issue to be noted was the impact of the Authority's debts: the quest to reduce indebtedness noted above and in Chapter 4 was perhaps the single most dominant feature of the role definitions of many of the budgetary actors observed, for reasons which will shortly become clear. We shall see that the scope for reducing debt charge payments tended entirely to overshadow any realistic expectations of savings from the review of other areas of the budget (see, especially, the second quote on p138: above). At this stage, however, we shall simply note the fact in order to be able to examine the issue fully in due course. There are a number of other aspects which need to be addressed first.

The second issue - or rather, set of issues - related to the position of the Treasurer himself, and his department. As, eg, Rosenberg (1983: p17) and others predicted, the Treasurer's role had expanded following the impact of the brute fact of resource shortage, as evidenced, for example, by the enhanced attempts at income generation noted on p137, and also of course with the activities vis-à-vis debt charges. Similarly, it had expanded as a result of the brute fact of uncertainty and in particular the peculiar uncertainties posed by the block grant system:

"I don't believe the membership of local authorities will ever understand it ... They will have to take their Treasurer's word for what the actual financial effects of the statements from the Secretary of State are going to be. I really can't see how the lay Member who is not a statistician or a mathematician is really going to get to grips with it ..." (Treasurer).

(See also Tomkins, 1983: p58). However, while the two brute facts may be seen here as potential power resources, we have also noted that, as such, their actual impact would have depended upon the use that was made of them. As Rosenberg (1984: p61) also observed, this expansion of roles should therefore not automatically be equated with an increase in power, that is, in our terms an increase in the Treasurer's ability to have his definitions enacted.

Thus, we have seen for example the negotiations between the Treasurer and Housing Chairman (on pp218-9 above) over the estimate of interest rates to be used to balance the housing revenue account at a politically desirable level, rather than the straightforward acceptance of the Treasurer's view. While financial pressure and uncertainty meant that the Treasurer's view was increasingly sought, paradoxically there was also a reduced inclination in Authority A to accept it carte blanche, perhaps as a natural reaction to what was often 'bad' news:

"Once upon a time, the Treasurer would answer 'No' or 'Yes' if he thought something could be encompassed, and that would be the end of it. Nowadays, the Chairman will want to know more about it, that maybe this is a priority choice that is having to be made ... The Treasurer has to know a lot more about it, and the Members will have to know more before they take 'No' or 'Yes' for an answer" (Deputy Treasurer).

It may therefore be seen that, notwithstanding the increased salience of the Treasurer arising from the brute facts of resource shortage and uncertainty, the power of the Treasurer and his department to have their definitions enacted was by no means a foregone conclusion.

Further, there were occasions when the Treasurer's view was not only overruled or closely questioned, but was actually suppressed, as for example when one of Authority A's trading undertakings ran into trouble:

"We had a problem with [undertaking] in the last year. We budgeted for a break-even but things went bad during the year. We took a report from the Treasurer as far as agenda conference, which was then reproduced and ready to go out to Members. I remember being hauled rapidly up to see [Leader plus Chief Executive], and the issue was stopped dead ... After a great deal of umming and ah-ing we took a report which said 'We are not really in a position to give you a report at this time because we have been unable to finalise our analysis'. That was a lie. I'd encountered an immediate political constraint on ... reporting the facts. I must admit, at the time I thought, 'Who's the bloody Treasurers', him [Leader] or us?" (Deputy Treasurer).

While suppression of Officers' views in this form may be relatively unusual, that it could happen at all is clear evidence of the relatively lowly status of Authority's A's Treasurer and his department.

To some extent, there was a direct linkage from the position of the Treasurer to the relative lack of review of the service expenditure base in Authority A. Treasury staff were conscious of their status, as the Deputy Treasurer indicated:

"I think I feel loss of face when I chat with treasurers, or assistants and accountants from other authorities where they say, 'No, we say this ...'"

Accordingly, they appeared to define their roles in relation to the review of the service expenditure base relatively 'un-proactively' because of the anticipated problems of attempting anything else. This was hinted at above where other means were found of constraining the overall budget (see, eg, ppl39, 249) and may also be gathered from the following recollection:

"... we did begin to do a bit of digging, once, into the base a few years back, but there was one hell of a lot of aggro. My God, but it didn't half kick up some muck in the bottom of the pool" (Chief Accountant).

The implication was quite clearly that this review exercise was terminated, presumably as a consequence of the opposition it had engendered which the Treasurer's department was unable to overcome. The effect of this relative lack of status on the negotiation of order around the review of the status quo may therefore be gauged.

However, as well as this direct impact on the level of budgetary review undertaken, it emerged from the data that the particular status of the Treasurer also had other, less direct, implications for the level of review. It is worth digressing very slightly to explain the background to these implications in the strategic direction of the authority. Authority A had a formally-constituted Management Team, but in the words of the Treasurer this was no more than "a facade", with the real locus of strategic decision-making on the officer side of the authority resting with the 'Central Group' of non-departmental Chief Officers (ie Chief Executive, Treasurer, Solicitor, Personnel Officer and Valuer). As the Solicitor put it, this Group had:

"... grown up as the group of people who tend to be at the centre of things ... One way or another, anything that goes on is likely to have some sort of spin-off that involves these officers, so the idea is we tend to have a pretty good feel of what's going on right throughout".

Alternatively, as the Treasurer himself put it,

"... we are the people who have no service axe to grind and who are perhaps the best people in the place to take an objective view of things. That is not so in the Management Team".

It might be thought, correctly, that this latter quote ignores the Treasurer's own efforts noted earlier, for example, to accumulate slack resources even - or rather, particularly - in the face of the

debt crisis to which we shall soon be turning, and that the Treasury itself, as Rosenberg (1982: pl7) also observed, was a 'spending' department in its own right, with its own staff and other requirements. Nevertheless, this was the rationale offered and (outwardly) accepted for the Central Group by those interviewed.

However, as one might then expect with such a rationale, the Central Group had developed a highly consensual style of working, with meetings up to four times a week, which had considerable implications for the Treasurer's working methods both in relation to budgetary review and other areas. Clearly, there was always a certain respect for each officer's own competence:

"There are professional limits. Say they said 'You've got capital receipts, use them to reduce next year's rate', which in my view would be frittering the Council's capital, I'd say 'No, and I'll recommend the Committee not to do that', but in my experience where an officer feels that strongly, the Group will go along with his judgment" (Treasurer).

At the same time, though, because of this consensual style, the Treasurer's own input, in particular into the strategic financial direction of Authority A - the area with which the Group was predominantly concerned - could become blurred. As the Solicitor observed:

"I've never regarded my input as in any way limited. I feel free, as I think all of us does, to express views as we like. Finance tends to be specialised, but if I want to comment and put my views, I wouldn't have the slightest hesitation. That's not to say that if the Treasurer stands up and says something I'm going to stand up and say 'That's absolute tripe', but also I think it would be quite wrong to give the impression that [the Treasurer] goes away and locks himself in a closed room, and comes back with a report on this or that which is laid like manna from the desert before us. Life's not like that, there's very little comes up that's brand new. Since we meet several times a week, people know the general run of things so what the Treasurer produces is perhaps half or three-quarters an agreed draft before anyone looks at it".



One implication of this style of working was of course that the Treasurer gained access to, and a voice in policy areas which might otherwise not have been his particular preserve. However, for his own part, he himself seemed happy enough with this same approach to a function which in many other authorities might have been his exclusive concern:

"Say we were outlining the budget, we would put the assumptions together to give the prospects for next year's rate, and I would discuss that with the Central Group and we would come to a conclusion that that was just about the best forecast we could make, and frame things accordingly ..."  
(Treasurer).

Authority A's finance function was at this strategic level therefore rather broader than the Treasurer alone: it would more accurately be described as an overall resources function involving all the strategically placed (Chief Executive and Solicitor) or resources (Treasurer, Valuer and Personnel Officer) chief officers, and arising out of their consensual and day-to-day interactions. The relevance of this to issues of reviewing the status quo will shortly become clear.

Pursuing the digression further, however, the critical factor in this arrangement which ensured that the Treasurer was not even 'first among equals' was the dominant and binding role of the (legally-trained) Chief Executive:

"The Chief Executive is a man of great force of character, as you've probably gathered. He tends to be the man who introduces ideas. I think he regards the Central Group as an extension of himself ... He could reduce me to a book-keeper and [the Solicitor] to a mere legal adviser. Our Group doesn't operate that way, but at the end of the day we have to accept that his voice carries more weight ..."  
(Treasurer).

A further aspect of this domination was that the Treasurer and Chief

Executive in fact 'shared' the same Committee. They were both working to the same group of Members, rather than, say, in Authority B where each officer was able to cultivate his own political power base (see also Rosenberg, 1984: p55 for another example of this position). The Treasurer's own separate influence suffered accordingly.

Indeed, even where the Treasurer did appear to gain ground at other, non-strategic levels, it was often not of his own doing. Thus, we saw his functions had expanded at a time of resource shortage, but there is a strong sense in which this happened as part of the growth of the wider overall resources function:

"There was some feeling that there were financial operations going on in Housing and Joint Admin over which we had very little control. There's been a major process of sorting out financial-oriented staff in other departments ... If the Treasurer is responsible for the accounts of the place, then he ought to be responsible for those people on the grounds that anything they do may reflect on the Treasury. There were effects on our accounts which we didn't know about until we did our final accounts. That pattern of thought was initiated by the Chief Executive" (Deputy Treasurer: emphasis added).

It may be seen that in this instance, the Treasurer effectively found himself propelled into a wider remit as part of the Chief Executive's development of the resources function, and would have found this to some extent whatever his own inclinations.

To summarise our digression, therefore, the order negotiated around the roles of participants in the strategic financial direction in Authority A was one of an overall resources function, of which the Treasurer was but one part. The exercise of this function was in effect the primary rationale of the Central Group which the Chief Executive had gathered around him, and this Group exercised its resulting pre-eminence under his relatively dominant leadership. How

then, does this help us explain the pattern of review - or rather, as regards the service expenditure base, the relative lack of it - which is after all a different issue from the more strategic functions? The first connection is once again the lack of predominance of the Treasurer, which might conceivably have influenced his own definitions of the extent to which he was sanctioned in developing reviewing aspects of his role. Although he found himself sharing his strategic role with the Central Group, paradoxically it was still from his membership of the Group - ie as a 'co-strategist' - that he derived his authority. It may therefore have been that he did not define himself as being in a position to step outside this role, unless specifically empowered, to undertake anything other than routine reviewing activities.

However, the preoccupations of the Central Group then make it easier to see how he could have arrived in this position. The creation by the Chief Executive of the overall resources function, with its implicit relative subordination of the Treasurer, ensured that the Group's emphasis on strategic and organisational, rather than 'purely' budgetary, review would always be prominent even had the Treasurer himself wished otherwise. Now, we have already noted how the debt issue was defined by Treasury staff as offering sufficient scope for savings to influence profoundly definitions of the relative worth of effort expended in seeking those savings in the service expenditure base itself; we shall further see, shortly, that because of its sheer size and impact the debt issue also came to be defined not merely as a matter of review per se, but as the major strategic issue facing Authority A, and accordingly was much emphasised by the Chief Executive and Central Group. Definitions of where best to expend reviewing resources, which led to the preoccupation with reducing and

manipulating debt rather than reviewing the service expenditure base for savings, therefore arose as a consequence of those strategic definitions. In short, in the order which had been negotiated, review of the service expenditure base was in effect 'crowded out' by the debt issue.

(ii)(c) The Politics of Budgetary Review in Authority A: Member-side Configurations

Before moving on to examine the all-important debt issue, though, there is a further piece, or set of pieces, to the jig-saw of the politics of budgetary review in Authority A, namely the ordering of definitions negotiated around the matter of review within the Member side of the authority. We shall see later that much of the Central Group's status rested on its function - and that of the Chief Executive - as the Leadership's vehicle on the officers' side, and accordingly Central Group members defined their role to a considerable extent with reference to the Leadership's own definitions and preoccupations.

The Leadership itself rested in the Party Group Executive Committee which was effectively the 'Inner Cabinet' of the most influential Members, whose style and behaviour towards their supporting Party Group was generally at least autocratic (as we saw in pp85-6 above), and certainly secretive\*. As one Chairman and member of the Executive Committee confided,

(\* The style of Authority A's Leadership has been well documented in a separate study: unfortunately, this cannot be cited since to do so would divulge the identity of Authority A.)

"You've got to show your capability to command your argument, and not be easily floored. By virtue of the fact that by the time the Group are asked to make a decision on a crowded agenda on a Friday night and I may have been dealing with the matter for a few months, whatever argument is put up I can more or less pee all over it. It's a tremendous advantage and I use it regularly".

Gyford (1976: p78) traces a "predilection" for autocratic control on Labour Groups, deriving from traditions of collective action and solidarity in the wider Labour movement. With few exceptions, Authority A's Leadership (and a significant number of its ordinary Members) were strongly in this traditionalist mould and therefore perpetuated the trend under which they had themselves embarked on their political careers. The effect in the authority was that the input of ordinary Members was somewhat circumscribed (cf also Green, 1981: p36), in this case by the Leadership's autocratic enforcement of fairly un-proactive definitions of what was or was not feasible. There were of course exceptions to this proactivity, as we shall see, but we have already seen in Chapter 3 how, for example, a standstill budget emerged as a result of the Leader's enforcement of an essentially cautious definition of the 'best' way to proceed. This same relatively un-proactive approach was also applied to defining what was amenable to change within the budget, thus effectively reducing the scope of any Member-level review of it.

Here, the Leader's own definition may be gathered from his quotation on p227: the impression this gives was then reinforced by his Deputy:

"It isn't local government, really, it's a local agency on behalf of national government ... In the old days it was a different kettle of fish because you had manoeuvrability because you were doing more. Now of course you're restricted to a fairly tight situation in your budget, and more than three-quarters of it is established fact".

When such definitions were linked to the fairly autocratic means of their enactment in the Party Group, the effects were as outlined bitterly by one dissident back bencher:

"We'd done quite a lot of work in trying to work out how to get more involvement in the budget. At the moment, the attitude is that it's much too complicated, circumstances are changing. The first budget is always drawn up on a standstill anyway, which is a simplification we could talk about if we got the chance but we never do ... At the moment, most of the Group is excluded. [Leader] gave us a six page paper, given out as we went into the Group meeting itself. That was all we got until we got the budget book three days before it was due to be published. That's the way [Leader] presents it in Party meetings, he comes along and says '99% of the budget is the same as last year so there's nothing for you to get involved in', and on the information we get given you could say he's bloody right. There is nothing" (part of this quote appeared on p86 above).

The impact on the level of examination by Members of existing activities of this excellent example of the exercise of Lukes' "second dimension" of power (1974: p16-20) may be seen very clearly: dissenting - or rather potentially dissenting - views on the budget were, along with the review itself, simply prevented from happening.

The impact of this position on scrutiny of the budget on the officer side of the authority was less tangible, but nonetheless apparently profound. With a general unwillingness amongst the Leadership to examine existing activity - even if only to free funds for further activity, which may well have been the objective of the previous respondent - this was a further reason why review of the service expenditure base was not defined by Treasury officers as 'sanctioned'. Accordingly, particularly with competition from the other normal Member pressures for staff and time resources, it was not generally undertaken.

(ii)(d) The Politics of Budgetary Review in Authority A: The Debt Issue

At this point, however, having set the scene we can now approach the debt issue which it emerged lay behind the relative lack of emphasis on the review of service expenditure in Authority A, and which was so critical to explaining the order observed to be negotiated around the review of the status quo in general. We saw earlier (pp138-42) that Authority A had some of the largest capital debts of any local authority, with debt charges in the first year of research totalling £50m in a net revenue budget of some £30m. A good proportion of this was housing debt, arising from an immediately post war house-building boom, although after such a long period much of this was approaching maturity. A further very large proportion, however, arose from a massive capital investment in the 1970s in a trading undertaking which had ceased to generate sufficient income to pay off this debt and which had thus allowed it to grow, compounded by a substantial trading loss. At the time of the research, debt charges on this undertaking alone accounted for fully 50% of Authority A's rate income, and were further liable to incur penalty block grant reductions - bringing yet further rate burdens - by pushing Authority A's expenditure above its 'target' set by the Government.

With such a burden, it is not difficult to see how perceptions of savings to be made from reviewing the rest of the budget paled into insignificance beside the defined need to reduce debt and debt charges, and how the debt issue distorted the whole profile of budgetary, and indeed service, activity, in Authority A. As the Deputy Treasurer speculated:

"We've got the bloody [undertaking] and there's nothing we can do about it. We're spending money out there not from political will, but because the bloody thing's there ... If [it] wasn't, I'm sure we'd have a very different nature and ethos behind this Authority ... We'd really be one of the bad boys the Secretary of State is after ..."

This was confirmed by the Leader himself:

"The need for a rate input into the [undertaking] creates a compulsory priority ... The Council has to meet the debt charges and a trading loss. I think a lot of people in the Party fail to understand the tremendous influence its finances have on the way we can respond to the many social aspirations which they have. If we were able to get down on the amount of money we put into [the undertaking], we'd be in a better position to put cash and effort into many other things the area is in need of".

The impact on the political (conventionally defined) order of Authority A may be seen, and the overriding commitment to "reduce the burden", or "loosen the grip" of the problem (as it was frequently expressed) together with the Leader and Leadership's definition of only limited room to manoeuvre, seen in the previous section, may thus be understood.

Indeed, it is tempting to view the position regarding the trading undertaking as a specific "brute fact" for Authority A. Certainly, its impact on the negotiated order observed in the authority was as all-pervasive as the brute facts of resource shortage and uncertainty already examined. For example, it heightened perceptions of the debt issue through the authority in general: hence the preoccupation with debt manipulation as opposed to budgetary review noted on pp138-42 above, and hence also the fact that Authority A's Valuer was seen as being of sufficient importance to be on the Central Group, as an integral part of the strategic resources function of which we have seen it was the locus. The disposal or re-negotiation of leases observed on p137 above, of which the Valuer was in control, arose from the strategic definition that as many of Authority A's considerable



property assets as possible should be realised to raise immediate funds (in the example on p137, £1.6m at the expense of securing a much reduced rent thereafter) as a major part of the debt redemption effort.

On the other hand, however, ranged against the view of the issue as a localised "brute fact" were the political machinations to remove the problem altogether, preferably by selling the undertaking, or else by shutting all or part of it (even though the debt itself would have remained, funds released from subsidising the trading loss would then be available to pay this off). Here, the negotiated nature of even the most apparently 'fixed' and inviolable of 'existing commitments' becomes vividly clear, in the face of what was in effect a localised resources crisis severe enough to prompt their attempted redefinition. As we have noted, both Ingelstam (1981: p213) and Jonsson (1982: p41) observed that a crisis makes larger changes somewhat easier and certainly with the debt issue the Leader himself, for example, was rather more proactive with his attempted response than in the other instances of his behaviour which we have observed.

However, the initial attempts to sell the undertaking, sponsored by the Chief Executive and Leader, with the help of a merchant bank, failed for want of a buyer. Accordingly, again primarily at the instigation of these two, a firm of chartered accountants were retained as consultants to report on the options available, which were defined by them to range from essentially managerial measures through to complete closure. The option eventually chosen was somewhat towards the 'managerial' end of the spectrum, involving improved marketing, redundancies and land sales to pay off some of the debt:

this was despite the fact, however, that the Chief Executive made little secret of the fact that he hoped the consultants would recommend at least partial closure of the undertaking:

"I would have gone for closing it ... That was my view. There is no future in my judgment for it ... but the tide was against us. We had people suggesting that [Leader] and I were out to close it out of vindictiveness. The whole thing proved too big. The pressures, the intrigue, the vested interests in the area and in the [enterprise] crushed me, there is no doubt of that. So I guess I do it bit by bit. Option 4 was selected as a recognition of the pressures we [Chief Executive plus Leader] were under. They'll never forgive us what we tried ... All sorts of people just walked away from us".

It may be seen that the two most powerful actors in the authority were defeated in their attempt to renegotiate the constraint imposed by the debt issue after an exceptionally bitter struggle.

The expression of the status quo in the conflict came from the Committee with oversight of the enterprise chaired by a former (but still feared and respected) Leader and, as the Chief Executive hinted, the commercial interests around it. Now the consultants themselves had recommended partial closure as their favoured option; however, in the struggle to redefine the commitment to the undertaking, their report itself became the focus of the argument, first in the attempt to use it, and then discredit it:

"My own experience is that a prophet from his own country is never accepted. I still remember when we had a redevelopment and we were pushed into getting Sir Hugh Casson to design it. All he did was put the cherry on the top of the drawings our own people had done, and all these professionals fall down flat on their faces and say 'Sir Hugh, what a marvellous chap you are'. To get the cherry on the top is what attracts people and that's what happened with these consultants. Old [Leader] thought it'd give him some sort of answer. It's really another way of buying time, and I make no apology, that's what we were doing. We needed to be seen to be doing all we could ...

In the end, we'd be critical of consultants because they tell you what to do without telling you how, and we'd already envisaged the shedding of labour, but how to achieve it is another matter. How do you achieve it in industrial relations terms and how do you destroy a community? ... I notice consultants always justify further work by themselves. In the end the cost gets horrifying, but they served us okay at the time ..." ([Enterprise] Committee Chairman).

In the end, it was the argument of the practical difficulties of partial closure which won the day, together with a well-timed disclosure by the previous respondent of information indicating a possible future upturn to the enterprise's trading prospects, which had not been made available to the consultants.

The fact that the issue in this negotiation of order was not merely about attenuating the impact of the undertaking's position, but about removing it entirely, therefore argues against viewing it as a "brute fact", even if in the negotiated order which emerged the undertaking remained intact, albeit no doubt under a vaguely defined pressure to 'put its house in order'. However, as a concluding comment, while the definition of this key issue which was ultimately enacted remained rather closer to the status quo than the changes defined as 'necessary' or even 'vital' by some of the actors involved, the 'politics' of this particular piece of the status quo had the largest single identifiable influence on the pattern of resource allocation observed in Authority A during the research period. The incremental/'fixed budget' argument outlined earlier, as exemplified by, eg Wildavsky (cf 1979) or Pendlebury & Jones (1983) would have missed it altogether.

(iii)(e) The Politics of Budgetary Review in Authority A: Summary and Conclusion

To summarise our study of the politics of budgetary review in Authority A, at the time of the research the negotiation of order in relation to the review of the status quo was dominated by the issue of the debt surrounding the trading undertaking, and the definitions which this prompted around the need to reduce debt and debt charges, not just in the undertaking itself but right throughout the authority. To a point, the effect was analagous to Jonsson's "pull effect" whereby the defined solution to the "push" of a crisis creates its own momentum (1981: p41). These preoccupations fed through to influence the direction in which the margin of feasible change widened in response to resource shortage, and thus the level of review for savings in the service expenditure base itself. 'Core' definitions about the provision of services themselves therefore remained intact almost by default: ordinarily, one might have expected definitions of a financial crisis to have turned attention to the service expenditure base and reduced the level of incrementalism there but, via the definition that any likely savings in this area were insignificant beside those to be realised from debt manipulation and reduction, service spending itself remained to that same degree unreviewed in the pursuit of economies. The defined response to the crisis was to tackle the agent of it (debt charges), even if not the source in the shape of the presence of the trading undertaking itself. This was where the margin of feasible change was defined to have widened throughout the authority: hence the asset disposals noted above, and the highly proactive attempts at debt re-financing noted on p141, and hence also (although the margin did not ultimately prove quite 'wide' enough) the attempt to close part of the trading undertaking.

In the immediate crisis however, these preoccupations both influenced and reflected, via the Chief Executive, the configuration on the officers' side of Authority A in such a way as to reinforce, so to speak, the relative lack of review. The Central Group of officers defined the debt issue in strategic terms which tended to preclude a more immediate focus on deriving economies from the service expenditure base. In the Group's role as the locus of the overall resources function under the aegis of the Chief Executive, the Treasurer's own relative subordination as but one 'aspect' of this function was a matter of confirmed fact. As part of the resources function therefore, and as part of the Group with its consensual style of working under the Chief Executive's acknowledged domination, the Treasurer's own espoused definitions of what the situation required were unlikely to have differed from those held by the Group (particularly as these were in turn sanctioned and emphasised by the Leadership), and they may well have contributed to the Group's definition-forming processes. From this aspect also, therefore, the relative lack of emphasis in Authority A on reviewing the service expenditure base, even at a time of resource-based crisis, becomes comprehensible.

It may be argued that, because many of the actors involved defined Authority A to be 'in extremis', the responses which we have observed were too idiosyncratic to allow us to learn anything of general significance. While we can see very clearly the political (as defined here) processes through which order was negotiated in Authority A, thereby setting the parameters of review, in 'normal' circumstances such processes could well be rather more 'fixed'. This argument, as we outlined at the end of the previous chapter, is wrong. Although in more 'normal' circumstances, the processes of defining or redefining

the parameters of review may be rather less stark and obvious, we should continue to be sensitive to their operation if we are to continue to explain how levels of budgetary review are determined. We now turn to demonstrating this in Authority B. Authority A, through its very extremity as an example, has illustrated 'what to look for'; however, in Authority B we shall see many of what would seem in reality to be the more 'day-to-day' features of budgetary review, which were simply 'lost' in the data from Authority A because of its overwhelming preoccupation with its trading enterprise and debt.

### (iii) THE POLITICS OF BUDGETARY REVIEW IN AUTHORITY B

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#### (iii)(a) Introduction: Cultural Parameters

As with Authority A, the focus in setting the scene for the politics of budgetary review in Authority B is the interaction between definitions of resource shortage and the continued enactment of 'core' definitions of the desirability of services per se. We saw earlier (p52), for example, how Authority B's Leader defined the position:

"No service will be entirely taken right away, we'll keep the basics so that when we can go ahead again, we've got a programme and we can build on that".

Similarly, the Chief Executive commented that:

"It's a question of the heartlands of all the major services, and Members' very great reluctance to crawl all over them".

We have already seen (pp82-3) how in the first year of the research the resources position was defined within Authority B - a relatively high spender over its Government target - still to allow room for a certain amount of budgetary growth, and to this extent it could be

said that the brute fact of resource shortage had not really 'impinged' as fully as in Authority A. The cuts exercise of which we have already seen some details did not take place until the second year of the research, and the assumption noted earlier of an annual increment of growth in resources had - chiefly through very high rate rises to cover grant penalties - to that point therefore been maintained much more nearly intact. Further, Authority B had no outstanding issues or problems such as we saw in Authority A with its trading and debt problems, and no great issues of social stress to alleviate: "... a very average sort of place," was how the Chief Executive described it.

As one might perhaps expect of a relatively 'unstressed' authority where the brute fact of resource shortage was not yet defined fully to have 'bitten', the attitude towards the review and examination of the budget and existing activities at the start of the research period emerged from the data as rather more relaxed and 'incremental' than it was later to become, both among Members in general and some Chief Officers:

"I'm interested in getting Members to think a bit more critically about the effectiveness of services. That's by far the most difficult thing to get them to do. It's a painstaking analytic job for which politicians with few exceptions are not well suited. One can engineer the means, for example performance review [of which more below] but it's difficult to persuade them to approach those mechanisms with any great energy...

... Insufficient rigour in testing present practices. That's partly a philosophical problem with Labour councils if I'm honest. There are clearly opportunities for making quite considerable savings, and still providing the service. These have been brought to Members' attention, but only half-heartedly tackled. By and large, I might add, Chief Officers don't want them reviewed either, it means upset and disruption and perhaps even personal criticism" (Chief Executive).

The reference to the "philosophical problem with Labour councils" is interesting, as an aside, if only because the ascription of Party motives by officers to Members' behaviour in Authority A was completely absent. There, the Treasurer observed that:

"I sometimes wonder what the Tories would do differently if they were in power. To be quite honest, if you discount all the wind in Council meetings, I doubt if there's a hell of a lot".

This echo's Jonsson's finding (1982: p70) in Gothenburg at a time when heavy cuts were necessary: the implication is clearly that 'crises' such as that found by Jonsson, and that in Authority A arising from the debt issue, can cut across Party lines, although it also needs to be said that when cuts were also defined eventually to be necessary in Authority B, there was no noticeable decrease in partisan conflict.

Returning to the main argument, however, the relative lack of finance-induced stress, at least at the start of the research period, with its resulting lack of interest by Members and some officers in reviewing service spending, meant that within the order negotiated around Authority B's status quo the margin of feasible change (in particular so far as reviewing officers were concerned) was not always clear-cut, and in specific circumstances could be circumscribed by reviewing "blind spots" where 'known' inefficiencies were defined to exist but were beyond those defining officers' power to change. As the Treasurer put it:

"There are some cases of inefficiency which are politically protected ... You have to induce a political change of heart before you can act on them".



Examples which we have already seen, and to which no doubt he would have pointed, were the lack of a wages establishment and also the pre-start checks issue (see pl52). The Chief Executive provided some further instances:

"If you were to look at school performance it would be impossible to arrive at the conclusion that a school was lousy, putting it really extremely ... I mean, I don't think that is the case, but if you talk to the teaching profession, clearly they are aware of schools that perform less well than others. That's the real heartland of education. Likewise in housing, with their financial situation [a large rate fund subsidy to the HRA] there's a bit of a blind spot there, and likewise the DLO. It's a question of 'Does it represent some brick of the welfare state?', and in looking at that brick [Members] confuse looking at whether it's efficient with an assumption that it is a precursor to abolishing it. Luncheon clubs in the meals service are an example. The case for providing luncheon clubs is much less strong than a meals [on wheels] service at a time of tight resources. There is also more of a case for extending home helps. Free teacher meals cost us half a million quid a year but is basically non-productive ..."

This division of attitude between Members and (some) officers in Authority B was at times quite marked, and the Member-level constraints within which review for efficiency and effectiveness of service provision necessarily took place may clearly be seen. Indeed, it is perhaps symptomatic of the cultural and socialised definitions of services and review underpinning the negotiated order in Authority B, certainly at the start of the research period, that where a Member-level engagement was secured in a performance review exercise, for example, the end result was frequently not a review of performance within existing spending levels, which was the original intention, but a specification of optimum service levels. The spending involved was then sanctioned by the Member-level involvement in drawing up those optimum levels:

"Reviews tend to start out trying to assess the effectiveness of a given level of service, but end up trying to lay down the best possible level. I think that's probably the net result. For example, on building maintenance, which was the best performance review because it had very little input from officers, it was chosen because it was always a vote where you could say '10% off' without really looking at the consequences, which had tended to happen. So they had a look to see what the effect has been and they were aghast. There's now been a complete reversal and building maintenance monies are sacrosanct ... The Architect reckons there is a completely different attitude throughout the Council. He's delighted, of course" (Senior Administrator).

Although it could be (and, in justification, was) argued that such spending resulted in longer term maintenance savings, this episode may be seen as indicative of an attitude towards the review of service spending: however sound the reasoning, what began as a review of efficiency within a given area of the budget ended by expanding it, and through the power of Members' sanction by rendering it virtually immune to further examination.

To summarise, it may be gathered that the research period began with what were in effect essentially 'incremental' Member-level parameters of review and control offering little by way of encouragement to those seeking to examine the status quo, whether simply to improve service effectiveness or whether efficiency and economies were the objective, and still less to those seeking actually to reduce spending. The prevailing cultural definitions of service spending at the Member level were at times almost self-consciously uncritical. As the Chairman of the Finance Committee remarked,

"When I first started in the job, I kept bleating on about how I thought we could run the place for a million quid less. What really annoyed me was not so much that people said 'No', they totally ignored the issue and went on to talk about something else".

It was within these unpromising Member-level cultural parameters that

those, mainly officers, wishing to promote a greater level of budgetary review had then to operate.

(iii) (b) The Politics of Budgetary Review in Authority B:  
Officer Side Configurations

What effect did this position have on the officer side? We saw earlier that, certainly, as the Chief Accountant illustrated (see ppl44, 240,) there was a perception among Treasury officers that there was 'fat' in Authority B's base which could be removed. We shall also see that existing levels of overall spending were defined by them to be as high as could reasonably be contemplated, and that reductions from this level were at least desirable. At once, therefore, as in Authority A, the politics of budgetary review became also the politics of budgetary containment: the purpose of review was predominantly to reduce spending. Unlike Authority A, however, with no overwhelmingly 'obvious' sources of savings to divert attention, that review extended to the service expenditure base itself. While we have seen that in a number of ways a rigid 'guardian v advocate' dichotomy is in general much too simplistic for realism, we also noted (on pp76-7) that it was perhaps in the area of 'above the line' service spending (such as that which we saw examined on ppl48-52 in the roll-forward process in Authority B), that Treasury officers came closest to their 'guardian' stereotype. Accordingly, if any one trend or issue may then be said to characterise the politics of - ie, the negotiation of order around - budgetary review and containment in Authority B, it was those officers' attempts to enact their definitions and widen their margin of feasible change in relation to 'above the line' spending, in the face of disinterest or active opposition from Members and some

officers in favour of the status quo.

To a certain extent therefore, within this picture the roll-forward process itself represented an excellent opportunity for review and containment because in its essentially 'administrative' setting it was hidden from Members' or even Chief Officers' view. The scope for defining and re-defining what is implied by the status quo in the base may, as we saw from Chapter 7, be considerable; also, in cases of dispute with spending departments in the roll-forward process itself, there were several stages of arbitration, and so only rarely did disagreement 'surface' at Member level:

"If they [spending departments] tell you to get stuffed you go to the Treasurer, but normally I deal with it. It's a tacit understanding that if necessary I'll go higher, but it's rare that it goes beyond the Treasurer and that Chief Officer ... After all, I think we'd all feel it was a pretty unhappy position where you're arguing in public, in front of Members" (Chief Accountant).

While this last comment perhaps appears a little pious, it does seem to be consistent with Jonsson's "organising principle" in local government bureaucracies of unity (eg 1982: pp27-8), of which more later. The claim is not that officers were in agreement in front of Members (we shall see that frequently they were not, and briefed their Chairmen in private accordingly), but merely that disagreements were seldom allowed to appear. On this basis, the strategy of review and containment adopted may be seen essentially to consist of negotiation backed by bluff: the manipulation of definitions of 'likely reactions'.

However, this approach had its limitations because where Treasury

staff were unable to enact their definitions by negotiation or bluffing that the issue would be taken higher, they could themselves be precluded from pursuing the issue further by the 'known' disposition of Members where these were defined or anticipated as being unfavourable (examples here might be new attempts to initiate the review of those areas cited on p272 above by the Chief Executive, where there had already been a failure to achieve a satisfactory outcome). Further, even had Members' anticipated reactions been defined as 'favourable', there was also, perhaps, the encouragement that allowing an issue to 'surface' would give to service Chief Officers to undermine the unity principle for their own ends, over an issue where Members were less likely to take the Treasury view.

Accordingly a second tactic which emerged, especially as resource constraints began to impinge on definitions of spending, was to cash limit areas of the budget securing, much as we have already noted, what were in fact fairly large 'real terms' reductions in overall spending. From the Treasury point of view the key attraction of cash limits was that they combined the issues of review and overall spending levels by using a control on the latter to prompt a ready solution to the former: they forced departments to find the necessary economies for themselves while being somewhat easier to carry through than specified cuts. One reason for this, as the quote on p240 hinted, appeared to be Members' lack of comprehension which served to 'hide' what was really implied; a second reason, though, was that the effects of cash limits could be portrayed as something other than the imposition of Treasury will. Certainly, the impetus for cash limits came from the Treasury (and, given the cultural definitions of spending hitherto prevailing, it could be argued that achieving these was in itself an achievement), but thereafter departments retained

control of their own destiny in the form of scope to negotiate the impact of resource shortage - within the cash parameters laid down - for themselves (cf also Tomkins, 1983: pl3). As one Chief Officer reported of his own department's cash limit:

"I said to the Committee, 'You will be ~~£~~m short, certain things will not get done'. Now they didn't pursue what wouldn't get done. They said to me, 'Okay, you're paid to manage, try to do as much as you can. If you can do everything we'll be very happy, if you can't, well you're not going to get a rollicking' ... In the event, I think what our lads achieved was fantastic, we put our pressure on grass cutting and now get more cuts for less money ... I think the cash limits idea is far better than zero [based: sic] budgeting [of which more later], because you say, 'That's the money you've got, get what you can for it'. That's when you find the real managers".

Perhaps the third reason why cash limits appeared attractive was that in Authority B, as this quote hints they 'squared the circle' of reducing the budget with no necessary impact on service levels!

However, because cash limits were a somewhat 'looser' form of control by the Treasury than a direct supervision of review and spending reductions, for all the size of reduction which they were capable of achieving they too were not without their problems in terms of attempted negotiation and evasion by spending departments:

"The classic one was when the Baths Manager produced this fantastic series of sheets for his equipment, there was pages of it with about 20 different headings for this and that. The unfortunate thing was, I used the list he produced as the basis of the budget, and when I went through it with the Director of Arts and Rec, he sat there saying, 'Well, I don't see these figures'. It eventually transpired that [Baths Manager] had his list, he'd given a list to the Director which was supposedly going to please him, and me a list which was different again. Mine was the least, the Director's was the most. We came to a compromise, some things got in and [Baths Manager] got an almighty bollocking" (Chief Accountant).

This particular example was one of the more flamboyant instances of attempted evasion! However, it illustrates clearly that for all their

attraction as a solution to the problem of imposing some measure of restraint over the budget within existing Member-level constraints, cash limits had their limitations. We may begin to see that the type of review chosen has power implications: Treasury staff were less able to enact their definitions (ie had less power) than with some of the 'tighter' techniques of review which, as we shall see shortly, were adopted later.

Treasury officers did however have a further power resource for negotiating order around their own definitions, namely the Financial Regulations (appended to the authority's Standing Orders) governing virement (see p144 above). These in effect 'dealt the Treasury a card' as follows:

"A Committee may divert money from one estimate item to another, excluding estimates for employees, debt charges, building maintenance ... provided that -

"(a) such diversion may be made only after submission to the Committee of a written report prepared in consultation with the Treasurer ..." (Authority B: Financial Regulations).

Rosenberg (eg 1982: p8) observed that the use of virement may be seen as part of the bargaining process and an element of this emerged from the data in Authority B, albeit in the small part of the budget not including employees and debt charges. Thus, when the Chief Accountant was asked about the power resources he possessed to enforce his definitions of the review and control of expenditure, apart from such political sanction as there was for the cash limit itself, his answer was:

"If somebody felt like being really bloody minded and said 'Up yours', they still could if their Chairman played along ... but sooner or later they'll come to us wanting virement. If we want that to look absolutely insensible, we'll make sure the figures show it".

In this instance, the virement mechanism itself was used - it would appear more tacitly than explicitly - to induce Departments to remain broadly in line, rather than an individual virement package becoming the focus of a bargained transaction. Although the latter no doubt occurred, the data here appears also to accord with what Rosenberg had in mind.

In this sense, the control of virement then became a power resource for Treasury staff to negotiate order almost by bestowing 'favours', where monies were found by them to allow spending Departments to undertake particular activities within the overall cash limits. The 'iron fist' that virement control could have represented was kept well within the 'velvet glove': as both Rosenberg (1982: p27), and at the national level, Heclo & Wildavsky (1981: p46) observe, too many flat 'Noes' would be counter-productive, in this case by destroying the potential of a constructive attitude to departmental requests to vire as an inducement to accede to Treasury definitions elsewhere. As the Chief Accountant again put it,

"There will be times when we really dig our heels in and say 'No', but we don't deliberately try to do that ... We try to see how we can solve the problem".

It would also be the case, of course, that too many 'Noes' would incur Member-level opposition, and thus further problems for enacting Treasury definitions.

Leaving this last point aside, however, the results of this strategy of the constructive use of virement sanctions to secure broad departmental compliance may be seen from the following fulsome tribute to the Chief Accountant from a Chief Officer:



"I reckon our Treasury is the best I've ever worked with. We don't look on them as a separate Department. We got [Chief Accountant] who came to us as a dyed-in-the-wool accountant, you know, black suit, no smile etc, but he got involved and he understands. We look on him as our accountant who happens to be in the Treasurer's. If we have a problem we go to him for help and very rarely have they let us down ... They've usually found a way. If we needed money and we had it in one area and wanted it in another, they've usually said, 'This is the best way to do it'. We'll query things at estimates' times, but that's as much to let them know we're doing the books properly and we know one and one makes two. They're valuable allies ... The picture loan scheme and the sculpture exhibition all came about as a result of [Chief Accountant] finding monies to use ..." (Director of Arts and Recreation).

While outwardly this is evidence of a complete reversal of the 'guardian' stereotype of Treasury staff, it is argued here that the tribute from the Chief Officer is in fact the fruit of a subtle and effective definition of it, in order to deepen the level of review and containment which Treasury staff were able to negotiate within what were, as we saw, rather unhelpful Member-level parameters:

"We've put in a lot of changes in the two years I have been here. People come and talk to us a lot more and the accountancy section is a lot better known in the Council now. People know we haven't got horns on ... People used to put reports up to Committee which we never saw. They're actually bringing them to us now beforehand, spending departments come down and talk to us and people are going out into the Departments. That's partly pressure of events, but also a change of emphasis from how I run things to what the previous chap did. Departments are coming to us for advice more, that's part of our selling the accountancy section, so it's all power to us at the moment ..." (Chief Accountant).

In terms of enabling Treasury officers to exercise control by diversion and 'steering', rather than risk open confrontations which they might have 'lost', the second and third "dimension" (Lukes, 1974) power implications of this strategy may be seen clearly.

Perhaps the clearest example of all to emerge from the data, though, of how this 'constructive' approach could enhance the level of review

and containment negotiated by Treasury staff was in respect of the computer system installed, also under the supervision of Authority B's particularly proactive Chief Accountant, to allow the monitoring of budgets and expenditure. We saw earlier on ppl05-8 and also in the Extracts on pl48-52, the extent to which this system extended the scope of the Chief Accountant's role. However, the critical point about the system was that Treasury staff did not load the data into the machines: Departmental staff did, and the intention was that they should be prompted to exert greater control over their own budgets - while of course enhancing the Treasury's own oversight and review of expenditure. Accordingly,

"You tend to see the whole thing as strategies and counter-strategies I think, especially at the moment, because spending departments do not like reducing, and you've got to keep one step ahead of them if you're going to control them. That's the main reason we put the new terminal screens in. It's great for us to use of course, but you've also got to make it for the user [ie spending departments]. Okay, we want something we can operate, but I'd almost say it was more important the system being what the user department needs, because they are spending the money and it's them you're trying to control. We sold it to them, and now it's the best thing since buttered bread, they sit and play with their terminals all day long" (Chief Accountant).

Once again, therefore, the strategy of control and review through mutual involvement, using greater contact and co-operation to negotiate a deeper level of access to and oversight of spending departments' activities may clearly be seen.

Authority B's Chief Accountant has figured prominently in our account so far of the negotiation of order around the status quo, as an excellent illustration of the impact of proactivity as a dimension of actors' role-definitions relating to their responses to perceived constraints around them, and their attempts to negotiate or bypass

these. There are further strands to be woven into our picture of the negotiation of order around budgetary review in Authority B, however, in particular the position and role of the Treasurer, who through seniority obviously had rather greater contact with Chief Officers and Members than the Chief Accountant. The first point to be made here is that the Treasurer was by no means as clearly subordinated to the Chief Executive as was the case in Authority A. Authority B's Management Team, as we shall see in more detail later, was far more genuinely the central forum for the officers' side of the authority, with no inner 'Central Group' of officers which could be discerned. Accordingly, the overall 'resources function' was rather less of a coherent entity in itself than Authority A and rather more diffused, with discussions taking place in the broader forum of the Management Team and with all sixteen Chief Officers, including those of minor spending departments, present and allowed to participate.

In some ways of course, as in the Central Group in Authority A, this allowed Chief Officers an 'entry' into the Treasurer's sphere of influence, and in particular the Chief Executive (again, legally-trained, as in Authority A) was keen to have an input. We saw at the beginning of this section his attempts to sponsor an attitude of review and appraisal at Member-level, but he also had further designs of his own:

"The officer in charge of finance is clearly the Treasurer, but the main issues with which I am concerned and want to see that my colleagues are concerned, are the main strategic issues relating to the structure of our budget, general performance particularly in terms of capital spending, and key elements of the budget such as manpower and overtime" (Chief Executive).

This interest in the strategic direction of the budget which the Chief Executive tried to sponsor within the Management Team was very similar

to the function which Authority A's Central Group defined for itself, and of course had considerable implications - in the view of the Chief Executive at least - for the role of the Treasurer:

"We are actually in business to provide services and the big generators of issues and problems on the ground and demands for spending, access to facilities and all the rest of it are the service departments, not the centre. Central departments are basically consultants" (Chief Executive).

The Chief Executive's own definition of his 'guardian' role, noted earlier, is clearly to some extent qualified by this declaration. Interestingly, though, it could also be argued that it was very much a 'consultancy' relationship which the Chief Accountant was seen to be pursuing earlier, as a much more single-minded enactment of his own 'guardianship' definitions: the same means (ie the 'consultancy' role itself), in effect, was serving almost diametrically defined ends.

There could well have been friction between the Chief Executive and Treasurer, arising from the former's forays into the area of review and appraisal of the budget, even if they had shared the same objectives and definitions:

"I think the Chief Executive tends to play at being Treasurer sometimes. I think [Treasurer] gets a bit cheesed off with that, as you can imagine" (Chief Officer).

However, the fact that Chief Executive, and Treasury staff (ie, one presumes, with the Treasurer's sanction), had formed different definitions of their guardianship roles seems likely to have exacerbated the situation further (although neither the Treasurer himself, who appeared in any event to be of taciturn disposition, or the Chief Executive would confirm this) and was an important feature of the politics of the status quo in Authority B (cf also Rosenberg,

1984: p60). The fact that the conflict occurred at all was an interesting departure from Authority A, in that it signified in Authority B a much greater parity between the Treasurer and Chief Executive. Indeed, the Treasurer himself and his department had at least four substantial power resources of their own which ensured that direction of their role from other sources such as the Chief Executive was unlikely, and which also ensured their continued ability or power to enact at least a good part of their own definitions in the negotiation of order around the status quo.

The first and least remarkable of these power resources was the status accruing from the Treasurer's role in interpreting and defining an uncertain environment for the authority. This was also seen vis-à-vis Chief Officers in the 'consultancy' role defined and enacted by the Chief Accountant. However, the Treasurer himself also noted of Members that:

"More and more Members are wanting another voice, another opinion on which to base their own political [opinions]. We're lucky. It's the traditional Treasurer's bit about going to a meeting and you've got 10% more power than anyone else because you control the books, and at the end of the day most things have a cost and it comes back to us".

As in Authority A, this power resource was not necessarily easy to use: first, Members' dispositions towards spending and restraint has already been noted, and second, in his taciturnity, the Treasurer found on occasion that

"No matter what I say, the next time it's mentioned I feel people haven't understood it and that it's my fault".

Nevertheless, the custody of this role of 'interpreter' to Members and other officers was keenly protected, particularly from the Chief

Executive, which would indicate the value which it was perceived to offer as a power resource.

The second of the Treasurer's power resources vis-à-vis the Chief Executive was the Management Team itself. We have seen that within the process of debate and discussion in the Management Team, the roles of each participant, including that of the Treasurer, could at times become slightly blurred to the extent that actors were able to contribute their views in areas other than their own. However, the Team was at the same time a much more open forum than Authority A's Central Group, without the domination by the Chief Executive that was observed there, and so the likelihood of the Treasurer's view being submerged or overridden - even had the Chief Executive attempted this - never really arose:

"I carry on as I always have and respond to the things the Chief Executive wants to know. We have the Management Team where I say things, and if he wants to change them, he's got to do it with the concurrence of everybody else"  
(Treasurer).

The Management Team was at once the source, and this position in it the recognition, of the parity between the two actors. As an aside, it may also be speculated that the Chief Accountant's activities noted above vis-à-vis service Departments would have increased the sympathy with which Chief Officers heard the Treasurer's views.

The third power resource for the Treasurer (and an important difference from Authority A) was that while the Chief Executive reported mainly to the Majority Party/Chief Officer Policy Group, the Treasurer had a separate Finance Committee to which to report and from

which to seek support. The following plaintive comment shows that the Chairman was distinctly less than enthusiastic about his post:

"It's a terrible job being Finance Chairman. Everyone on the Council thinks I'm a bastard because I won't let them spend money to improve services ... and I'm supposed to be a Socialist!"...

... but the value of a separate 'contact' could at times be considerable. As the Treasurer himself observed:

"[Chief Executive] has got the ear of the Leader. I've got the ear of the Deputy Leader [Finance Chairman], so you could put all your differences into a different forum if you wanted to".

The fact that the Finance Chairman was also Deputy Leader no doubt enhanced the value of the contact.

From this point however, what was in effect a fourth and very important power resource for the Treasurer developed. The Deputy Leader was replaced as Chairman of the Finance Committee by the Leader himself, thereby bringing a further, direct, line of contact and backing for the Treasurer as the principal Chief Officer supporting that Committee. The effect on the Treasurer's position was illustrated by the Chief Accountant:

"Now that [Leader] is back as Chairman of Finance, the Treasurer is getting the upper hand. We had a thing where you write to the Chairman of Finance for a supplementary estimate or virement. He found out that somebody had written to him about something the Treasurer knew nothing about. He got very uptight and started hollering about standing orders [financial regulations: see above, p278] and made it clear that he would only answer letters if they came through the Treasurer" (Chief Accountant).

By the Leader's move, the Treasurer both kept the advantage accruing from reporting to a separate Committee (unlike his counterpart in Authority A) and acquired a formal route of access to the Leader to

parallel that of the Chief Executive's through the Policy Group, (cf also Rosenberg, 1984: p59, who illustrates the importance of such links), bringing a much more effective voice in the Majority Party Group. For his part, the Leader followed the approach observed of most Chairmen in the authorities studied (of which more later) of seeking to bolster and underpin 'his' Chief Officer: hence the powerful endorsement of the Treasurer's position revealed above by the Chief Accountant. The trend in power, it may be seen, ultimately moved away from the Chief Executive rather than towards him.

We may now summarise the trends which have been illustrated so far in the negotiation of order in the officer side of Authority B around the review of the status quo. The key to the position was the attempts of Treasury staff within unpromising Member-level parameters, also reflected by the attitude of some Chief Officers, to enact their definitions vis-à-vis the status quo of the need for a greater level of review and control. Because of their uncertain position, to achieve this, Treasury staff had to employ tactics of bluff and cash limiting, together with an overtly 'constructive' attitude towards spending departments and the control of virement, rather than attempt to impose their position, but in the event they did this with some success. As a cross-current within the overall picture, the relative status of the Treasurer himself and the Chief Executive appeared to be much less resolved than in Authority A, although the general trend, particularly following the Leader's take-over of the Chair of Finance, was towards the Treasurer and his definitions of what was required.

Our interim conclusion from this must be that even though Authority B was, as we saw, in the words of the Chief Executive "a very ordinary



sort of place", the processes of defining and negotiating order around the status quo were on the evidence so far at least as important as in the more "stressed" Authority A in determining the level of review observed. Had Authority B's Chief Accountant and Treasurer, for example, been less proactive and subtle in advancing their own definitions of the situation within the officer side, it may be speculated that the level of review of the status quo would have been rather lower than was in fact the case; equally, had the Member-level constraints been looser to this point, the level of review could well have been higher. While Authority B was outwardly "ordinary", therefore, in terms of the negotiation of order determining the level of review (and thus the level of incrementalism) within it, the concept of an "ordinary" authority appears on the evidence so far to be meaningless.

(iii)(c) The Politics of Budgetary Review in Authority B:  
Member/Officer Interactions

Our introduction above of the activities of the Leader allows us to move on now to a further strand in the politics of the status quo in Authority B: having examined the negotiation of order within the parameters of Members' attitudes towards service spending, we now examine the attempts by the Treasurer actually to negotiate those parameters themselves.

Leaving aside the implications for the Chief Executive, it may be thought that the Leader's position as revealed by the last quote was at odds with what we have seen of Members' attitudes to scrutiny and containment of the budget. To some extent this would be correct,

although the Leader's behaviour was not without its ambiguities: one example which we shall see shortly is where he expressed a personal interest in a zero-based budgeting initiative but declined to undertake the necessary work in his Party Group to ensure its support and success. These ambiguities arose, however, because the Leader's views on the issues of review and containment were, to use a loaded term, 'ahead' of the general trend in the Party Group. He personally appeared increasingly to share many of the definitions of the Treasurer as to what the situation required, hence perhaps his move to the Chair of Finance, and the strong support for the Treasurer just observed against attempts arising from within the Group to circumvent him. This gap between the Leader's position and that of the Group contrasted with the much more dictatorial leadership exercised in Authority A where such a gap, though not unheard of, was rather less likely to have a significant effect; further, it became a major strand in its own right of the politics of budgetary review in Authority B, and nowhere more so than with the cuts exercise to which we have already referred.

We have seen that throughout the research period, large parts of Authority B's budget were cash limited. However, within the framework which the cash limits supplied, in the second year of the research the brute fact of resource shortage was finally defined in such a way as to prompt the preparation of a cuts package of £3.5m, or roughly 5%. We have already seen (pp220-1) that £1m of this was later reinstated (much to the Treasurer's evident regret) following windfall grant and other income: nevertheless, the politics of budgetary review and containment around the original imposition of the cuts is instructive.

The first point to be made is that the Leader had in fact been under

pressure to implement spending reductions to avoid grant penalties for some while:

"The Treasurer has been throwing into my ear for about the last three years that we needed to cut, that there are ways of cutting without disintegrating services, but I put these blandishments aside 'till I could see the Group were ready. We may be a year late, I don't know" (Leader).

Late or not, if one recalls the relatively slight impact which anticipated grant penalty levels were allowed to have on Authority B's actual spending patterns at the start of the research period (see especially pp82-83 above), the extent of the about-turn which this implies may readily be gauged; equally, the 'balancing act' performed by the Leader, between the Treasurer's (and apparently increasingly over time, his own) view on the one hand, and the resistance of his Party Group to the idea of reductions on the other, may also be seen. What finally tipped this balance in favour of reductions was as Ingelstam (eg 1981: p213) and Jonsson (eg 1982: p41) might have predicted, the perception that a 'crisis' point had been reached because of impending penalty liabilities:

"I think often as politicians if we are going to go along a road which is distasteful to us, we have to be forced down it by a catalyst. While we wouldn't have bothered so much in the past, this new lot of grant penalties coming in would have been a real hammering" (Leader).

And so, choosing from a set of options presented by the Treasurer depicting the level of penalty still to be incurred after cuts of given levels up to £4.5m had been made, the Policy Group selected a volume reduction of £3.5m.

The impact of this 'conversion' in Authority B should not perhaps be overstated though. Not only were a number of the reductions later reinstated, but the original enactment was only made at the expense of

three back-bench Members having the Whip withdrawn for refusing to support the measure. There are then other aspects which serve to put the issue in perspective. Although a 5% cut ultimately proved too large a sum to accept, 5% is not a 'large' or, leaving aside its precise definition, 'non-incremental' portion of the budget, and neither was it as large as the Treasurer would have wished at the time. As he indicated some months later, "At the time we were doing it we would have liked, certainly, £4.5m", although even then the total value of the exercise would have been rather less than the real-terms savings realised from the 'cash limits' approaches noted earlier, for all the fact that it represented a greater assertion by the Treasurer of his position.

Further, although the cuts which were enacted represented at least a 'one-off' widening of the margin of feasible change, we have already seen (on p198 above) that this did not extend to the Leader being able to enact his own definition of the need for prioritised cuts, because they were levied pro-rata to existing budgets. Also, it has to be stressed that at no time did it appear that the 'core' cultural definitions of service desirability per se were even remotely endangered, as the Leader's own address to the Council made very plain:

"This saving will be achieved across the board in all services pro rata to their general level of budgeted expenditure in the current year. We propose to lay down certain guidelines ... Whilst standing by our 'no compulsory redundancies' policy, we must achieve significant reductions in our overall staffing, and we propose to do this by implementing a carefully controlled early retirement scheme ... We believe that it should be a cardinal principle of these volume reductions that no service establishment should be closed and there should be no complete abandonment of any service".

These, then, were the parameters within which solutions were to be sought. Treasury staff, and in particular the Treasurer himself operating with the Leader, had succeeded in making inroads into Members' cultural attitudes towards growth and service provision to the extent that cuts were eventually contemplated, but at the same time it has to be said that any re-negotiation of the ordering of definitions of the status quo took place around rather than in the "heartlands" of each service (to use the Chief Executive's earlier expression) which thereby remained immune from scrutiny. Nevertheless, the role in the negotiation of order of the particular axis between the Treasurer and Leader in securing any cuts at all and to that extent re-defining the status quo is apparent, and the subject of such axes is explored further in the next chapter.

#### (iii)(d) The Politics of Budgetary Review in Authority B:

##### Assimilation of Cuts

The writer was then able to witness the process whereby Authority B's Management Team selected the reductions and early retirements to be made. Immediately and predictably the impact of the Leader's search parameters - and of others arising from Members' predispositions - was readily discernible as Chief Officers reported the outcome of their efforts to preserve the "heartlands" of their services:

"... the scope and range of the education service should be preserved as far as possible ... The shape of support services ought to be preserved as far as possible so that the service is well poised to grow again when better times return" (Education)

"The package of economies proposed represent the best that can be suggested bearing in mind:

"(a) the need to keep services provided ..." (Housing)

"In arriving at the recommendations set out, an assumption has been made that the Council will not want to see further cuts in highway maintenance. This is borne out by the Performance Review Report on Highway Maintenance ..."(Engineer).

Further, it might also be added that all the areas cited by the Chief Executive (see p272) above as being effectively immune from review and appraisal remained, with the exception of some changes in the school meals area, at their 'pre-cut' funding levels; and practices such as the pre-start checks (see p152 above), which had irked the Chief Accountant, similarly continued in being.

However, while we have been careful not to over-emphasise the impact or implications of the cuts exercise, the pressures on existing assumptions and expectations, of which the exercise was both cause and effect, were sufficient to cause substantial upset as order was renegotiated around the new definitions of the overall position (see, eg, Rosenberg, 1982: p8). Thus, we saw the withdrawal of the Whip from the three back-bench Members, but in particular the dissensus arising in the Management Team above what may be termed the 'background' level (which was itself at times fairly high) became on occasion quite acute. As we saw earlier, for example, arguments could arise where Chief Officers were found by Treasury staff attempting to evade the full impact of the reductions:

"The Chief Officers were told to produce reductions which came to their share. We had very little if any input into what those reductions were to be. Now, we've got problems where the figures are not on. One thing was the ... News at a £10,500 reduction, but what they didn't take into account was some £3,000 in advertising income so that the net cut is only £8,000 or so. There have been several examples of that. We had something similar on the audio visual aids where they got marketing money ... We had to go back to them on that ... One or two departments got a bit shirty" (Chief Accountant: part of this quote appeared on p74).

As one might expect with such a pretext, the Treasury did not then relinquish this power which it had gained to enforce its definitions of the desired reductions but from which, in the first instance, it had evidently been excluded from actually selecting. However, that such incidents of attempted deceit arose at all is evidence of the pressures which actors defined themselves to be under.

One particular aspect of the dissensus arising from the cuts, in essence from their pro rata application, was the 'across the board' nature of the issues raised. An example here was the perceived effect on smaller departments, as Rosenberg (1982: pp25-6), again also noted. Thus, the Chief Education Officer (with Education of course being the largest department), noted how this prompted an automatic assumption of slack budgeting:

"The sheer size of our budget leads critics to assume that simply because it is so big there must be at least a few hundred thousand [pounds] or even a million or two in it which is relatively wasted, and which if reapplied would transform the budgets of smaller departments ..."

The Architect, who of course headed just such a small department, albeit 'central' rather than 'service' oriented, provided an example of the type of definition to which the Chief Education Officer referred:

"There's a great danger with averaging like this, it punishes the good manager. Anybody who's had his ship in relatively trim condition prior to an exercise of this nature suffers equally with someone who's been appalling. The larger the cut of the cake that you have, to use a phrase on everybody's lips at the moment, and thus the greater the number of areas where you can change or redirect your view, the more opportunities there are and the less the likelihood of having to introduce dramatic change. You can spread it out more evenly".

This was a point of view actually expressed on several occasions in

the Management Team with the Treasurer present, which contrasts with Rosenberg's observation (1982: p28) that departments perhaps tended to refrain from falling out in public for fear of helping the Treasury. On the one hand, that it happened here may be a 'one-off' occurrence, perhaps reflecting the depth of feeling on this occasion; on the other though, given that here, as we saw in the previous paragraph, the Treasury did not start by selecting cuts but only scrutinised them, it may be that the degree of help offered to the Treasury by such dissent was in any case rather less. As against this, though, it may be that pressures from smaller departments did help the Treasury in one sense: thus, the Education department, to take the previous example, was commended both by the Chief Executive for having "delivered on the line", and by another Chief Officer for having "never dragged its tail", in terms of producing its share of the cuts, which might suggest that the pressures outlined had had some effect.

A second issue raised in the Management Team was the 'guardian' role assumed by the Chief Executive in relation to the early retirement part of the cuts exercise, arising from his duties in reporting to Authority B's Vacancy Panel set up to deal with staffing issues and economies. One disgruntled Chief Officer takes up the story:

"One could utilise [Management Team] meetings to twist an officer from a properly held objective. Today you heard one where the Chief Executive, with the early retirement, decided to overlay on a Member request, ie reducing numbers of staff to offer a specific sum. In my department, it was two, and that was what Members had asked. Now the Chief Executive subsequently asked us to prepare two more lists of how we could release more, or all those applying for early retirement. My immediate reaction was that this department could only afford two posts. Then pressure was brought to bear. Initially I said 'No', but he said 'There must have been some way'. So I agreed to four, provided they changed the ground rules, that I could release two others if they allowed me to lose the posts at a much lower level. Members accepted that at the time, but now I gather the ground rules won't be changed. We've been conned, and who's seeking medals out of the exercise?"



The Chief Executive's reaction to this - when the charge was put to him in the Management Team by this respondent and other Chief Officers - was that they "must have guessed that something of the sort was likely". For his part, the Treasurer, rather than react publicly to the Chief Executive's encroachment into the 'guardian' role, on this occasion remained silent, perhaps on the basis that if somebody else was willing to acquire the odium of enforcing this reduction, it was advantageous to allow them to continue! Thus, when the above respondent was asked if he thought the Treasurer and Chief Executive were in alliance, he replied "Oh, I'm dead sure they were, but you can't blame [Treasurer] because he's got to have some doors to escape through".

Space precludes any more numerous examples of the dissensus within Authority B's management team arising from the cuts exercise. As a concluding comment however, it may be seen that following the 'pro rata' - ie 'across the board' - nature of the cuts, the dissensus arising was similarly based 'across the board'. Argument was not between disparate alliances of departmental Chief Officers as one might perhaps have expected had the cuts been prioritised, but on broader issues such as the relative impact of pro rata cuts on large and small departments in general, and resentment at the way the Chief Executive was defined to have handled the early retirement issue. Departmental clashes, as such, arose out of the 'large v small department' issue but that was all: with the perception of roughly equal misery all round, although the relationship between the Treasurer and Chief Executive remained strained and problematic, alliances between service Chief Officers of more than a transient nature in response to stages of each conversation in the Team were not found. Given the logic of the argument, it would seem plausible

to hypothesise that this might also be the case with 'pro rata' cuts elsewhere.

However, at this point we now turn aside from the main thrust of the politics of budgetary review which has been outlined in Authority B, to examine the tangential but related issue of the attempts observed by Treasury staff to introduce a form of zero-based budgeting (ZBB). Although slightly divorced from the 'mainstream' of review politics in the authority, this episode nevertheless illustrates further many of the themes which we have outlined, and offers a number of pointers of a more general significance.

#### (iii)(d) The Politics of Budgetary Review in Authority B: Zero-Based Budgeting

Purely chronologically, the ZBB exercise began in a small way with an unusually intensive examination of spending patterns in the past year on two 'line items' - furniture and fittings, and operational equipment - throughout the authority. The aim at this initial stage was to see 'where the money had gone' and to establish the likely potential for savings in the event of a fuller ZBB approach. The initial analyses of these codes showed that over 40% of the spending they covered took place in the last quarter of the financial year, which appeared to the Assistant Treasurer to verify his own suspicions:

"It is my contention that the financial people usually say, 'either you spend that or lose it', so I've always been convinced that people spend money for the sake of it, if you like ... This is generally accepted, they spend their budgets to make sure they get the same next year".

Accordingly, with the help of the Management Services Department,

every single invoice on the two codes during the previous year was then checked to probe this spending pattern further. While some year-end loading was expected to be justifiable, it transpired that 48% of the total allocation had been spent on 'new' rather than replacement items in a supposedly standstill year; and that a further 11% had been miscoded. Whatever the care taken in constructing the budget, therefore, expenditure through the year was a rather different matter.

Not unnaturally, this was construed as indicating that an extension of the experiment might be warranted! Accordingly, following the preference of the Assistant Treasurer for a code including smaller numbers of higher valued items, in order to reduce the paperwork arising, the next area to be examined was vehicle purchasing. Here, though, the outcome was a relatively clean bill of health, notwithstanding the rather greater sums of money involved. Nevertheless, it was decided to advance the experiment by zero-basing for the first time areas of an actual budget, in this case for 1983/84: chiefly, these were social services provisions, baths and libraries with special reference to overtime, and the parks expenditure which we saw on ppl48-52 being reviewed prior to the ZBB experiment. The choice of areas was determined, apparently, by two factors, namely 'known' (as defined) areas of inefficiency, and where the Chief Accountant's relations with service staff were sufficiently amicable to secure their cooperation. It was after this budget, of course, that the fieldwork terminated.

In purely factual terms, this is the story of Authority B's experiment with what was labelled 'ZBB'. Outwardly, the results were somewhat unremarkable. It may be seen that the exercise only influenced a

budget towards the end of the observation period, and even then there was no sign of the 'decision packages' which ZBB's originator, Pyhrr (1970: pp103-9; cf also Jones & Pendlebury, 1984: pp93-6) had envisaged, let alone any weighing of priorities or consideration of alternatives (eg Pyhrr, 1977: p108). Indeed, we have seen that the selection of items, certainly at first, was on a line-item basis, although the inclusions in the 1983/84 budget were managerially discrete in the manner Pyhrr (1970: p104) advocated.

Further, it can be stated with confidence that the review exercises had little or no influence on prompting any subsequent realignment of priorities (cf Wildavsky, 1979a: pp208-9), for all the fact that this was clearly envisaged for it. As a private memo from Authority B's Treasurer explaining ZBB to the Leader put it:

"[ZBB] provides the facility for policy options, viz, shows areas where growth or contraction can be contemplated. It can also point to the possibility of a shift in resources from one place to another ...

To take the technique to its logical conclusion, it must follow that the need for, and quality of service provided should be critically examined simultaneously. A whole budget can be analysed into discrete functions or operations ... Costs are assessed ... as well as alternative ways of achieving the same result, with the consequences of not performing it also examined ... Different levels of performance ranging from minimum to maximum are examined ... Ultimately, all functions are evaluated and can then ranked ..."

It may be seen clearly that the ultimate objective was much closer to Pyhrr's archetype, with all the implications this would have had for resource allocation, than was actually achieved. This therefore raises the issue of why ZBB did not develop fully in Authority A, and in exploring the factors involved we shall underline many of the themes which we have seen so far in the politics of budgetary review in Authority B.

The first point to be made, however, is that for the officers involved, although ZBB's impact on the budget was somewhat limited relative to the aspirations for it, it was not a complete failure. As the Chief Accountant commented after the 1983/84 budget had been settled:

"The place is so vast and a lot of our backing papers and working papers are poor in places. [ZBB] will help give us that underpinning. We saved a few bob and even though it's less than if the cash limit hadn't been there as that tightened things down anyway, now we know what goes on. We've got a lot more information than we had, which we'll be able to use next time around".

The chief benefit of ZBB was therefore that, albeit as we saw at the expense of extra paperwork at the outset (cf Pyhrr, 1970: p111; Jones & Pendlebury, 1984: p100) the depth of knowledge available to budgeters and thus the prospects for their future review and control of spending, increased in the areas where it applied. Further, on the codes which were zero-based in the 1983/84 budget, the cut-off point beyond which review was not taken was set at items at the lower end of the range of costs accounting for the 'bottom 20%' of the value of the code: thus 80% by value of each code was reviewed, which is rather greater than the proportion envisaged even by Pyhrr himself (1970: p112), particularly at so low a level in the overall resource allocation process (cf also Wildavsky, 1979a: pp209-10). Not that the Chief Accountant saw this as anything remarkable:

"I maintain that's how estimates should be produced, the group accountant should be able to explain for every head in his estimate, say, 'staff, that's 36 employees at grade so-and-so, and the maintenance of equipment, that's made up of these contracts', and that's how you build it up."

This, as we saw on pp148-52, was the level of knowledge displayed by the Chief Accountant in the extracts of his review of parks expenditure. Apart from where ZBB was itself applied to the parks

budget, however, there was a strong sense in which for officers, ZBB was a means of rectifying deficiencies in certain areas of the budget as a whole allowing them to achieve the same depth of review on those areas as elsewhere.

At this officer-level, therefore, ZBB such as it was had its attractions. However, ZBB is a 'bottom up' process (eg Wildavsky, 1979a: p215), and we have then to ask why it had such a lack of input on priorities formulated at higher levels in Authority B. The Treasury officers involved would not themselves have expected to be involved in such decisions, as the Assistant Treasurer pointed out after the initial 'trial run':

"Two-thirds of the money spent on those items [ie the percentages spent on 'new items' or miscoded] need not be spent. I don't mind, as such, but Members ought to be aware of what's happening in their standstill ..."

Our attention is therefore turned to the higher levels and it is here that the political answer to the lack of development of the experiment into 'full' ZBB emerges. Echoing the theme which emerged above in the context of cuts in Authority B, the fortunes of ZBB were closely bound up with Members' commitment to it which ultimately was not forthcoming in the necessary form.

The key feature here is that the position of the Leader himself remained somewhat ambivalent:

"Personally, at the moment I've got no views at all. I'm prepared to have a look at it ... [Officers] put it up to us and I don't think any of us really understood what it was about. It's some highly technical Treasurer's financial way of looking at things. I don't mind them trying it, but I'm not convinced".

However, after the initial experiments, and in parallel with the

decision to zero-base parts of the 1983/84 budget, it also became a stated Member objective to set up a Budget Scrutiny Committee, a development welcomed enthusiastically at the time by the Assistant Treasurer:

"I think what we've got to do next is to make some recommendations as to what the Budget Scrutiny Committee should deal with. Once they are involved we could be going somewhere. If they are prepared to have a look at, say, venture play as an example, they can look at that and see what it's producing and what they're getting for their money".

Accordingly, the future of ZBB in Authority B was strongly and visibly linked to the establishment of this Committee. The writer has in his possession a draft of a report from the Treasurer to it, setting out the aims and purposes of ZBB and concluding unequivocally that:

"Consideration should be given to a program of ZBB analysis of the Council's ... budget."

Unfortunately for ZBB, however, the Budget Scrutiny Committee never emerged. The reasons for this, so far as can be ascertained, rested with the Leader's lack of conviction which we have already noted, coupled with further political opposition to it and the idea of ZBB which he was either not willing or not able to overcome. The Assistant Treasurer had also noted during the experiment that "Chief Officers really hinder the process", following a notably unenthusiastic response from the Management Team to a progress report, and it seems likely that their lobbying of Chairmen may on this occasion have influenced the outcome. Certainly, we saw (on p277 above), that the exercise was relatively unpopular because of its implications for departmental jurisdiction over 'their own' funds. In

any event, though, the development of ZBB in Authority B was effectively stymied. Although the Treasurer was able to take advantage of the Leader's continued ambivalence (specifically, his enquiry at a Chief Officer's luncheon about the progress of the experiment) to secure the inclusions already noted in the 1983/84 budget, the Chief Accountant acknowledged the impact of the Committee's non-appearance even here:

"The Budget Scrutiny Committee would have made all the difference. The thing was, with some departments, we put it round saying, 'Any problems, come and see us, we'd be happy to talk to you about what we're trying to do' and we hoped we'd get a response. Because we didn't have the Committee, we couldn't say to anyone 'You've got to do it this way', otherwise they'd have challenged us".

This echoes the earlier theme of the Chief Accountant's reliance, given his lack of power resources to compel, largely on persuasion and voluntary cooperation. The result here, though, was less successful than his other attempts to deepen review of Authority B's budget, resulting in ZBB's relatively limited overall impact: some information was gained of potential future use and some savings (although these were relatively reduced given the impact of cash limits already in operation, and also the education capitation system - see p145 above), but at no time was ZBB allowed to 'feed up' even as far as Chief Officers' policy deliberations.

However, even though the experiment did not produce ZBB in the archetypal sense, it would be wrong to dismiss it as a complete failure. As the research closed, it was planned to apply the approach as it had evolved to that point to fees and charges, in effect using the precedent which the exercise had established for deeper selective reviews, even if the prospects for these were less favourable than if the explicit sanction of the Leader or a Budget Scrutiny Committee had



been gained. To this extent, while noting the similarity of the position with the pessimistic picture of the feasibility of ZBB painted by Wildavsky (1979a: pp215-8), the position remained fluid and with some benefits which could be pointed to sufficient, presumably, to justify the intended examination of fees and charges.

Conclusions about ZBB itself therefore stand suspended, albeit with the benefit of considerable doubt about the policy-making archetype (ie as opposed to its use as a reviewing tool). Other conclusions, however, are rather clearer. The whole episode has confirmed graphically how the level of review found in an authority will be a function of the ordering of definitions negotiated around the issue; how vital are the Member level parameters within which review, particularly in forms as overt as this, must take place (this is a theme of wider importance and will be returned to); but also how that review may occur and be deepened in ways which might otherwise have remained hidden. It might reasonably be surmised that Authority B's experiment with ZBB would appear to, eg, Wildavsky to confirm his scepticism; but the fact remains that in all the areas where it was applied the effect was the negotiation of an order that was less incremental than hitherto.

### (iii)(e) The Politics of Budgetary Review in Authority B:

#### Summary and Conclusion

Perhaps the best concluding remark about the politics of budgetary review in Authority B was provided by the former Finance Chairman. We saw earlier how he expressed in vain the view that "... we could run the place for a million quid less ..."; however as he then continued:

"I gave that up, but since then we've had the financial crisis and it's been proved that you can run the place on a million quid less because they did it [and more] ... They brought in that early retirement scheme and suddenly found that departments who two or three years previously had increased their staff and said they couldn't cope without the extra were suddenly shedding staff and saying they could cope after all. It teaches you a lot about the way the place works".

The dominant theme in the negotiation of order around budgetary review in Authority B was attempts by Treasury staff with or without further help to modify culturally-based definitions of the desirability of service spending and the lack of need for review and restraint, sufficiently to allow their own definitions of the correct response to what was defined as a worsening resources position to be enacted. As in Authority A, the stimulus and primary objective was to avoid penalty block grant losses; unlike Authority A, however, there was no single issue to overwhelm any conflict as to where and whether this was to be achieved, and which might have left review of service expenditure merely as a residual means of reducing spending. In Authority B, the politics of review also became the politics of budgetary containment, but on a much broader front across the budget base as a whole, rather than just part of it.

The various strands within this main theme were numerous and interwoven: Treasury staff operating within unfavourable and restrictive Member level parameters which were only gradually altered; the use of cash limits to secure 'hidden' (but fairly large) real terms reductions; the gradual attraction of the Leader's support and sanction for Treasury definitions of the need for further, explicit, cuts - but not for ZBB - which he was eventually then able to 'sell', partially at least, to his Party Group; the role of gradually forming definitions of resource shortage in this process; the occasionally

competing views and activities of the Chief Executive; and the ZBB exercise itself. Together these provided an important lesson, in terms of a set of clues as to the dynamics of Chief Officer/Chairman linkages, and the power of Member sanction to which we shall shortly be turning.

Once again, the conclusion must be that the level of review - ie the level of incrementalism - and the particular pattern of activity found in Authority B, as in Authority A, was a function of the negotiated order of definitions of the status quo, as conditioned by underlying cultural attitudes towards it and growth in resources. For all the setbacks observed in attempts to deepen review, Authority B was less incremental, in these terms, at the end of the research than when it began, and it had experienced a real terms expenditure reduction which fell outside most definitions of the incremental range. The Treasurer, aided by the Leader, was therefore eventually able to negotiate these underlying attitudes to the point where his definitions of the necessary response to external events - which he had been advancing for some years - were partially enacted. The 'pro rata' nature of many aspects of their enactment was also a function (ie an outcome) of the particular order negotiated, or rather renegotiated, just as the dissensus which arose was itself a function of the renegotiation process.

#### (iv) THE POLITICS OF BUDGETARY REVIEW: OVERVIEW

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Although the general thrust of our argument on the politics of budgetary review should now be abundantly clear, some concluding

points may be made by way of offering an overview and providing pointers for the development of our overall argument in the next chapter.

While many of the budgetary outcomes in the case study material presented in this and the preceding chapter were 'incremental' - defined in 'day-to-day' terms rather than with any specific quantification in mind - changes from the status quo, both Authorities A and B moved to less 'incremental' levels of review during the research, but each in their own distinctive way. With our view of the breadth of the politics of the status quo, certainly far broader either than the 'conventional' view or the stylised and restricted pluralist underpinnings of incrementalism itself, the key truth which emerges is that no area of the budget is a priori apolitical, ie, immune from review in some form. Particularly at a time of resource shortage, if order is negotiated in such a way that areas of the budget pass entirely unreviewed - if Wildavsky's "iceberg" really is as consistently lacking in buoyancy as he implies (1979a: p13) - this would be a significant outcome in itself.

Rather, each of the authorities studied here had its own unique and clearly defined pattern of review and revision arising from the definitions within it of how the status quo should be approached, and from the manner of combining these definitions, but which the broad generalisations of political incrementalism would have missed. On the evidence of the data, just as Danziger conceived of each authority having its own "critical policy style" in terms of "its own unique configuration of resource allocations" (1978: p76), each will also have its own, related, "critical reviewing style" in terms of the distinctive order negotiated and sustained around the status quo at

any one time. Specific factors in the composition of this style which were isolated from the data included socialised background or cultural assumptions conditioning definitions of resource availability and attitudes to the status quo itself; consequent definitions of the 'need for change'; the defined availability of reviewing resources, and their deployment; proactivity in attempting to enact definitions that review and change are necessary; and so on, as represented in the ways in which the actors involved defined their roles and interacted with each other. It was from these aspects that order was observed to be negotiated and the level and pattern of review determined.

Further, for all the avowedly micro-level focus of this study, it is here that we have the beginnings of a satisfactory model explaining how 'incremental' levels of review - or any other, 'non-incremental' level - came about. That is, we have a model based upon the loosely symbolic interactionist concepts employed which make the actors themselves the critical 'variables' in explaining how, in this case, local authorities appeared to 'respond to' external events, such as the brute facts of resource shortage and uncertainty, which presented themselves from the data; and in explaining how definitions and perceptions from within the authority had their impact on this response. While the specific negotiated order of these definitions in each authority will almost certainly be unique, it is perhaps through comparisons of the types of factors outlined above that a more general theory of the budgetary review may be arrived at.

However, we turn now to developing the insights which we have gained into the Member/officer configurations in the authorities studied, and to exploring the order negotiated in them through the politics of

resource allocation. From the "critical reviewing styles" we shall now turn to the "critical policy styles" which Danziger originally conceived, although the examination of these will also further inform our view of the politics of budgetary review.

## CHAPTER 9. THE POLITICS OF RESOURCE ALLOCATION

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### (i) INTRODUCTION

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So far in our account we have looked at the politics of reviewing or revising existing expenditure, ignoring the issue of how, so to speak, it 'got there in the first place'. The implicit assumption has been that it was 'given', somehow devoid of any process of enacting it. We therefore turn now to examining the political interactions which determine what was characterised earlier (p91) as the content of resource allocation processes, that is, the pretexts tacitly or explicitly defined for allocating money. How is this content arrived at: how are resources allocated?

As we noted, the area in which we shall be working is that giving rise to Danziger's "critical policy style": the patterned configuring of people, definitions, and interactions in each authority through which and as the expression of which order was negotiated around the allocation of resources. In effect, we shall be analysing these content-defining processes of negotiation in terms of how they allowed the competing definitions available to be selected, adjusted and combined as 'resource allocations', and thus whose definitions were consistently likely to be the most nearly enacted as 'allocated resources'. Our interest in the roles defined and enacted by the actors involved as they negotiated order will therefore continue from our examination of the politics of budgetary review, as will our own very wide definition of politics, even though (as we noted earlier) our specific focus will in fact change from the lower-level interactions where budgets tend to be reviewed, to the more

'conventionally political' interactions between Members and Chief Officers. It was here that the data suggested that, over time, the content of resource allocation processes was largely enacted.

This allows the introduction of the first of two general themes before moving on to examine the data itself, namely that relatively few Members and officers in the authorities studied consistently and significantly affected the allocation of resources. Over time, the content of resource allocation processes was, particularly in the more autocratically run Authority A but also to a marked degree in Authority B, largely enacted by a small 'budgetary elite' (eg Rosenberg, 1983: p17) of key actors (although this should not be taken to imply any necessary unity between them), made up of Chief Officers and leading Members (cf also Laffin & Young, 1985: p43). (The latter have been referred to collectively as 'the Leadership' of each authority, amongst whom the Leader himself was pre-eminent. However, all leading Members were also Committee Chairmen: this had implications which we shall see appeared to conflict with those defined to arise from 'being a leading Member', and depending on the context they will therefore also be referred to as Chairmen.) This is not to deny at all that a wider group than this elite was interested in the resource allocation processes observed, and that on occasions they sought to exert influence of their own (for example, much as we have already seen in Authority B in connection with the cuts issue, each majority Party Group will be shown to have formed the parameters within which at any one time Chairmen and Leaderships operated), but it was largely through Chairmen and Chief Officers that the views of others in the authority were observed to come to bear.

The second general theme was that Members and officers within the



budgetary elite were distinguishable, inter alia, by a tendency to display different socialised and 'learnt' perspectives which conditioned definitions of resource allocation, events and each other (cf also Bate, 1982: pp3-6). Jonsson (1982: p27; 1984: ppl33-4), in particular, develops some of the specific themes which were observed here with his conception of the "organising principles" of each side of the authority: a unity-seeking, hierarchical bureaucracy applying pre-generalised rules to specific instances, is portrayed as interacting in the resource allocation process with conflict-dominated politicians whose raison d'etre is to oppose each other by gaining backing for counter-arguments. Now, to a point this is a fair summary, although the data indicated that it needs to be treated with a certain caution. There were times, as we shall see, where officers were 'conflict dominated', just as politicians appeared on occasion to pursue unity and consensus (and also, referring to our earlier criticism of pluralism, to enact their definitions through avoiding overt conflict). However, provided that, in particular, Jonsson's dichotomy is not read to imply that 'politics', as the negotiation of order, is restricted to the Member side of each authority only, and while there are caveats which prevent it being universally applicable, we shall see that it emerged on many occasions as a useful device for structuring what was observed.

Accordingly, despite the caveats, we have a basic formulation of the content of resource allocation processes arising from interactions between two relatively small groups of actors, who tended to view events from differently defined perspectives. We turn now to expanding this basic statement, by looking at the negotiation of order around the allocation of resources within each side of the budgetary elite in the authorities studied, and then between them. While the

examination is perhaps a little laborious at times, it is nevertheless worthwhile outlining all the component elements in this negotiation of order to allow as complete a picture as possible to be built up, particularly in view of the paucity of research in the area of officers' and Members' roles and interactions (cf Rosenberg, 1984: p47; indeed, as Greenwood, 1983: p161, acknowledges, Rosenberg himself is one of the few writers to have explored the field in any depth, which accounts for the long passages in what follows here where he is the only writer, if any, cited). Further, while some of the data to be presented is based on observation unsupported by formal interviews, there is at the same time a certain overlap into the broader field of policy-making more generally. This latter, though, is in many ways both unavoidable given that resource allocation is integral to this wider political discourse, and therefore also to that same extent justified. However, excuses and justifications over, we now turn to the data!

#### (ii) THE BUDGETARY ELITE: LEADING MEMBERS

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Taking first the Member side of the budgetary elites observed, in both Authorities A and B it has been suggested that to a greater or lesser degree a relatively small Leadership group monopolised Member-level direction setting. In Authority A, we have already seen that this was drawn from Committee Chairmen or the Party Group Executive Committee (cf Green, eg 1980: p41); in Authority B, the definition of the Leadership group was looser, but rested with the Chairmen who sat on the Majority Party/Chief Officer Policy Group, a classic "Bains"-type

forum (Bains, 1972) and similar to that observed by, eg, Saunders (1979: pp217-9) in Croydon.

Formally, there was no necessary reason why even the tighter arrangements in Authority A should have filtered the definitions brought to bear on resource allocation. Neither body had more than advisory powers over their respective Party Groups, and it was therefore on these Groups that each Leadership relied for its support and continued pre-eminence. To this extent, as Green (1981: p40) also found, the wishes of each Party Group at any one time did in a real sense form the parameters within which each Leadership had to operate. For this reason, and because Group approval was the sole legitimation acceptable to them in terms of their basic Party beliefs, each Leadership showed a strong predisposition to be bound by Group decisions. As one might expect, leading Members themselves were keen enough to stress this on tape: as more convincing, however, is the fact that the data revealed no single instance of a Leadership or leading Member openly defying a clearly expressed Party Group preference (cf also Green, 1981: p40). To this extent, therefore, definitions from a wider circle of Members than either Leadership could in theory gain entry in the Party Group to the resource allocation process.

This formal picture begins to change, though, with the virtual certainty that a majority for each Leadership in its respective Group - and so control of the authority - would be forthcoming. In Authority A, the data revealed no examples at all of the Executive Committee's recommendations, concerning the allocation of resources or any other issue, being overturned or even altered, and so far as could be ascertained the last occasion where this did happen was in 1977

where the Group refused to demote a Committee Vice-Chairman to make way for a retiring and deeply unpopular Lord Mayor! The position was perhaps less predictable in Authority B where Policy Group advice was on occasion amended, although even here on only one occasion in the research period - where the Party Group refused to cancel an application for Urban Aid funds - was the Policy Group's 'advice' actually overturned.

One reason for this, of course, was that each Leadership was not in business to be rejected, and therefore only put forward proposals for allocating resources which were (almost always successfully) defined to be sure of sufficient support:

"If I can see quite clearly that I won't get my way, then I will have to change tack" (Chairman, Authority A).

"It's a conscious way to look at something and see what I think I can get away with ... The secret is sitting down with them over many years and knowing how far one could go" (Chairman, Authority A).

Alternatively, as with the 'pro-rata v prioritised cut' debate in Authority B, the issues could be set out without the Leadership actually revealing to the Group its own preference, so that if success could not be guaranteed, the appearance of defeat was at least avoided by an open vote.

However, even where a majority was not forthcoming on the Leadership's terms at a particular point in time, comfort could always be drawn from the fact that the parameters of 'Group opinions' were themselves often moveable in the longer run:

"If I've got something very dodgy, I'll sound out opinion and say, 'Look, this is likely to happen and my attitude to it is this ...' It leads them along the sort of line I would like to go" (Chairman, Authority A).

"If I can't get what I want and convince the Group, I could still get it in the long run if I feel it's right. It's a matter of negotiation ..." (Chairman, Authority B).

"If there's a real nitty gritty problem that has to be solved, I'm going to sow the seed early, debate, discuss, fall out, bring back the point, discuss, maybe fall out less and so on like that until eventually you've picked the thing off" (Chairman, Authority A).

Even where leading Members had to forego their own opinions in advance of the debate in the short term, rather than risk defeat, in the longer term it may be seen that they were able effectively to 'relocate' the parameters of 'Group definitions' over a period of time until they embraced and thus legitimised the desired course of action. A potential constraint was thereby transformed into a substantial power resource.

As well as issues being 'readied' for debate by these means, though, each Leadership's success in enacting their declared definitions once they had 'gone public' suggested, correctly, that they had substantial further power resources. First, ordinary Members appeared to share the same ideological disinclination to public dissent against Party Group decisions, once taken, as each Leadership. Thus, decisions in each of the authorities to withdraw the Whip from dissident Members (two in Authority A and three in Authority B) who did dissent in public from the budget parameters enacted were passed with notably little opposition. We have seen that Gyford traces this to the tradition of collective action and solidarity inherent in the Labour movement (1978: p78), although Saunders (1979: p221) also found the same phenomenon in Conservative-controlled Croydon. Second, each Leadership had considerable resources of patronage, with 40-50% of the Members in each Group serving as Chairmen or Vice-Chairmen of Committees. Third, and perhaps most important of all (especially in

Authority A, as we saw on pp259-61 above) was the control of information enjoyed by leading Members, in that example to restrict debate on and examination of the budget, and of which more will be seen very shortly.

To summarise so far, as the formal position indicates, in allocating resources (or on any other issue) each Leadership did indeed operate within the parameters of its Party Group's shared preconceptions - which was why each went to considerable lengths to ensure that those preconceptions were eventually 'located' in such a way as to sanction the actions which the Leaderships themselves wished to undertake. Party Groups were prevented or diverted from asserting their formal status - and thus from providing their own definitions directly for input into resource allocation processes - precisely because of their importance in offering the power resource of legitimacy. Such definitions as did emerge from ordinary Members in each Party Group, as we have seen, were if necessary moulded and mediated by leading Members until they were in an acceptable form, or else they were effectively suppressed by the principles of Group loyalty, once again profoundly reducing any direct input from ordinary Members into the resource allocation process.

Thus far, Jonsson's "organising principle" of conflict would at least have to be stretched to cover second and third dimension power processes (see pp204-5 above) where Group members' definitions were covertly either suppressed or subverted by each Leadership. Where more overt conflicts did surface, this was less due to action by ordinary Group members as due to the nature of each Leadership and the dual allegiance of each leading Member to the Leadership itself and also to his Committee (cf Gyford, 1976: p83; Green, 1980: p42). While

much of the data on this aspect is derived from Authority A alone, it appeared there that the principle of collective responsibility within the Group Executive Committee masked fierce conflicts between the leading Members in their positions as Committee Chairmen (cf Green, 1980: p42). As one senior Chairman put it,

"Life on the Exec gets a bit bloody savage sometimes. I find myself quite frequently in a minority on it. One of the worries is that once they've made a decision, you're not able to speak against it in the Group. There are some who feel we shouldn't have an Executive, and I wouldn't be against that".

However, it is revealing that despite "quite frequently" being in a minority, we shall see that this respondent was able to maintain his status, through his power base as Chairman of Housing, Authority A's largest spending Committee.

Similarly, other leading Members chaired major Committees, which became the vehicles for their own personal status and ambitions for their programme areas (cf Gyford, 1976: p83). Ties between Committee Chairmen and Committee members tended to be much closer than those between Party Group members in general and each Leadership as a whole, and as a result a good Chairman could count on his own core of support in the Party Group for his own definitions and position. As the Housing Chairman put it:

"I'm Chairman because the Labour Group want me to be, so I have to take them along with me. Now I can only do that as long as I'm backed by the [Housing] Committee members, who will not always speak in one voice but at least if we disagree it's only on the fine point of things".

By the same token, these cross-cutting Committee allegiances and memberships sometimes allowed ordinary Members a more direct input of their definitions into, say, the area of the budget covered by that

Committee, even if only as a result of the purely pragmatic considerations of the Chairman:

"... Part of the game is to always leave something out so that everyone else can contribute. The best example of that is actually the budget. I could come along and dot every 'i' and cross every 't', but the thing is always to leave something, to say, 'It is your decision to change that', otherwise they see themselves as rubber stamps, don't they?".

It may be seen that to this extent, the service Committee itself was maintained, within the scope defined by its Chairman, as a separate source of ideas and definitions of policy and the allocation of resources within the Leadership and Party Group.

In Authority A, the result of these separate pulls and loyalties could at times be spectacular since, unlike Saunders' findings in Croydon (1979: p220) and contrary to the trend detected by Laffin & Young (1985: p52), the other leading Members could not always guarantee the outcome in the Party Group against a powerful and determined Chairman who was one of their number (cf also Rosenberg, 1985: p77). The subject of disputes was usually either Committee jurisdictions or finance, the latter particularly at a time of resource shortage. Thus Authority A's Housing Chairman described how he gained the promise of a rate fund subsidy for his Housing Revenue Account:

"We took them [the rest of the Leadership] for half a million. That was a bit of a con trick. I was able to justify it in debate because through the HRA we made a massive contribution to wardens' salaries, which we [Housing Committee] thought was a social service. Unfortunately, we had to throw that on the Group at the eleventh hour because we made the decision here in Committee on Friday afternoon and on Friday night the decision had to be taken. That caused problems because we hadn't given [the Leader] a chance to look at it, which I am sure he didn't appreciate".

The impact of cross-cutting Committee loyalties in the Party Group on



resource allocation may clearly be seen: in the final event, however, the usefulness of the Party Group as a power resource was underlined by the fact that the Leader was able, also by appealing to it, to have certain conditions imposed on the use of the money.

A further example, this time demonstrating a rather different approach, was supplied by the same Chairman in connection with a film capital receipt:

"There had been certain pressures coming on from the Exec for using that million but I took a simple view. The terms of reference for my Committee are set down and as long as I operate that, I feel I've got a clean pair of hands... If the pressure's coming on I'd let them take it to Group because the terms of reference are quite explicit, we have jurisdiction over our money".

For the Chairman to have raised the matter in the Group would have implied uncertainty in the strength of his own position. The attempt was to 'routinise' his action and thus gain Group acquiescence to his interpretation of his terms of reference, by relying on the legitimising precedent of the fact that the Group had itself (presumably) approved the terms of reference in the first place. He succeeded, thus demonstrating further that as a legitimation device and power resource, the Group was 'available' for whoever could control it around the issue in question. The overall picture which these examples give of the dynamics of Committee - Leader - Group interactions was fairly typical of what was observed (even if the style displayed was distinctive), with resource allocations then influenced by the cross-pulls which were set up.

On this note, however, the power resources and activities in this area of each authority's Leader himself come to the fore. Gyford (1976: p83) shows how an authority's Leader may play his role more or

less proactively, as a major policy initiator or as a mere spokesman: those in the authorities studied were much more towards the 'proactive' end of this spectrum, although with Authority A's Leader, for all the evidence of cross-cutting Committee allegiances, emerging as the more autocratic in his personal style towards the Party Group as a whole. Both were respected for their experience and intelligence. At least one other writer \* has made this observation of Authority A's Leader, corroborated by the Deputy Treasurer as follows:

"He's about 70 and you'd never believe it. He's very alert, in some ways he's a difficult bloke to deal with because he won't let go of something until he's absolutely satisfied. Nine times out of ten he's right, and we back down finding some excuse for doing so. I gather he can be a bit of a blighter in the [Party] Group, but I've personally got a great deal of admiration for him".

Similarly, Authority B's Leader was held in sufficient respect to be accused of blackmail, but at the same time to have his own definition of a desirable rate rise enacted, by his Party Group, simply by threatening to absent himself from the Council rate-fixing meeting (this being as close as he would go to actual public dissent from the Group view).

However, although each Leader was undoubtedly the most powerful politician in his authority, capable, as we have seen and as we shall see further, of influencing in a personal capacity the resource allocation patterns of their authorities, as members of their respective Leadership groups both men were subject to the constraints which this imposed. On the one hand was the greater personal power resources which came simply from being Leader and having the personal

(\* who cannot be cited without divulging the identity of Authority A: see p259 above).

qualities to reach that position, but on the other there was the greater number of conflicting demands for support which the position itself generated. In a very real sense, therefore, the power of each was, in the famous phrase, "the power to persuade". For all his autocratic style and undoubted personal authority, Authority A's Leader could not have imposed his definitions against those of the others in the Leadership (as the evidence of the cross-cutting effects of the Committee allegiances has shown), and neither could he have moved without Group support, albeit that this was evidently fairly easy to secure. Similarly, the Leader of Authority B enacted his definition of the desirable rates rise essentially by appealing to Group loyalties: the accusations of blackmail arose because other Members then felt morally obliged to back his position.

More will be seen of the role of each Leader shortly. We may summarise these comments on the politics - ie the negotiation of order - amongst Members around the allocation of resources in the authorities studied, by noting on the one hand the trend to restricting the sources of definitions allowed to feed from the Party Group into the resource allocation process, but on the other - on evidence mainly from Authority A - the cross-pull of Committee loyalties. Even here though, the effect seemed primarily to allow Chairmen to put more strongly their own definitions of resource allocations in the Party Group, as legitimised by Committee members distinctly from the Leadership's collective definitions. Both in Groups and Committees, the primary role defined for ordinary Members appeared to be to varying degrees to legitimise what was put in front of them, thereby reducing any distinctive input into resource allocation of their own to a minimum: with the operation of Jonsson's "organising principle" of conflict, ordinary Members accordingly

served primarily as a power resource to be sought and applied in support of given definitions. This is a testament both to the impact of definitions of Group solidarity, and the power of the Leader and Chairmen to manipulate and persuade within these.

(iii) THE BUDGETARY ELITE: CHIEF OFFICERS

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(iii)(a) The Budgetary Elite: Chief Officers in Authority A

As we have already noted, the key officers determining the content of the resource allocation processes studied were the departmental and central Chief Officers.

Taking Authority A first, we have already seen that the conventional 'Bains-type' Management Team was greatly reduced in status through the dominance, under the Chief Executive, of the Central Group of non-departmental Chief Officers, wherein lay the overall 'resources function' of the authority. The Chief Executive himself expanded on the rationale for the Central Group thus:

"I have a Management Team, but the management of the authority in resources terms is by the Central Group. I don't think you could manage an authority this size with a dozen people round a table. There's an awful lot going on which requires meetings twice and even four times a week, and it would be too disruptive to bring in a dozen individuals. We'd take something very major to the Management Team when we'd prepared it and taken a view amongst ourselves. [It] meets much less frequently, now, particularly in the present resources position. We've broken it down into working groups, and we don't say 'everything goes there' anymore because we have this core of very senior officers who deal with everything and who keep a finger on what's going on".

The result of this pursuit of Jonsson's "organising principle" of

unity in Authority A, for the Management Team itself, was that Central Group officers could afford to treat it in an almost 'off-hand' way, having in effect taken the relevant decisions before it met or in other fora. As this quote hints, the Team's role was virtually reduced to one of consultation, with any meaningful input into resource allocation minimised and strictly filtered. As the Deputy Treasurer reported of the selection of capital projects for one year:

"There must have been some fixing. I found out about it when I went to the meeting. I went up with [the Treasurer], but he kept wandering in and out, he was there some of the time, not all of the time. That's when it dawned on me that an awful lot of lobbying and sorting had gone on beforehand. I would imagine, indeed I now know, the Central Group had been interviewing certain Chief Officers".

How had this concentration and centralisation (Greenwood et al, eg 1980a: ppl3-20) of power come about? Authority A had a long history of independent spending departments linked to a similar history of powerful service Committees. We have seen that at least some of these Committees retained their power which, by means which will shortly be explained, allowed 'departmentalist' attitudes and definitions to remain alive on the officers' side. With the Leader's backing as his major power resource, however, the Chief Executive attempted in the face of this historical trend to promote a more collective approach to management by the imposition of the Central Group on and over the more 'departmentalist' Management Team. We saw above, for example, (p257) how the Treasurer found himself propelled into a position of greater scrutiny over the budget, as part of this imposition. The Chief Executive's tough and dictatorial stance noted earlier (p256) closely mirrored that of the Leader himself whose bidding he was doing, and who as we shall see stood to gain where the Chief Executive's assertion of his own authority made it harder for service

Chief Officers to uphold unilaterally their Committees' and thus their Chairmens' interests. The imposition of the Central Group eventually reached the point where it became virtually impossible to pursue definitions which it had not sanctioned through the officers' side in isolation, because it had effectively monopolised (or rather, neutralised) the available means of doing so. As an example, a working group set up to suggest structures for Authority A's DLO had produced a report which the Central Group defined as giving too much credence to a 'departmentalist' point of view. It was simply altered, extensively, after the Management Team had accepted it but before being handed on to the Leader (this was the report which we saw earlier (pp200-1) that the Deputy Treasurer was so reluctant to read).

This monopoly expression of Jonsson's "organising principle" of unity meant that a Chief Officer wishing to advance a definition of where to allocate resources which did not have the approval of the Central Group had little option but to fight the officer battle on the Member side of the authority (see also Rosenberg, 1982: p25). Being able to do this depended in turn on having as a power resource the backing of a Chairman capable amongst the Leadership and in the Party Group of outweighing any support for the Central Group on the issue from the Leader and the rest of the Leadership. As we have seen, such a Chairman would himself have been a member of the Leadership to have stood a chance of achieving this, although clearly, much then depended on the issue itself and in a more passive sense on the collective dispositions and definitions of Group and Committee members. What we have already seen of the dynamics of Authority A's Party Group suggests however that some Chairmen could indeed deliver the necessary support for at least some of the Chief Officer's own definitions to be enacted and, as we shall see very shortly when this avenue is pursued

further, the Central Group could on these occasions be out-flanked.

For the present, though, we may summarise that the effect of this negotiation process on officers' definitions of where to allocate resources would have been two-fold. Where the Central Group had not originated those definitions themselves, either the definitions would in any case have needed its sanction (or at least that of the Treasurer as his staff constructed the budget within the Central Group's overall guidelines: see p256 above), which of course served to filter Chief Officers' output passing through that channel; or, those definitions had to emerge through the Chairman himself, who as we shall see might well also have been keen to filter them into accordance with his own. In either event, in effect summarising the position in Authority A the opportunity for direct input of service Chief Officers' own definitions into allocating resources was thereby filtered and restricted, and the control of their activities was correspondingly increased.

### (iii)(b) The Budgetary Elite: Chief Officers in Authority B

Turning now to Authority B, we have already seen one immediate contrast with Authority A: although in terms of revenue spending Authority B was nearly three times larger, with a much wider range of service responsibilities, it operated a full Management Team of all 16 Chief Officers. Although, as Hinings et al (1980: p190) also found, there were certainly pressures to adopt a 'Central Group' formation, the idea was viewed with distaste by a number of Chief Officers, including the Chief Executive:

"We go round and round on this one. It's been pressed on me but I still find the first and second class citizen argument sets up a tension which is too great a price to bear. It doesn't make all that much difference, the few extra bods. Do you go the whole hog and just have central departments? ... I feel that's quite wrong" (Chief Executive).

"I hope I don't show overweening pride with a budget of £45m, but I do wonder sometimes what Environmental Health are doing there. But, on the other hand, one hears horror stories where major decisions are taken by a cabal of the Chief Executive, Treasurer, and one or two others, and before you know it, people are into all kinds of cloak and dagger stuff to bring pressure to bear. If the price of avoiding that is to have the large group we've got, it's better there should at least be the confidence" (Chief Education Officer).

The contrasts with Authority A are both clear and somewhat ironic.

As the second respondent hinted, however, the confidence did indeed have its price. The combination of numbers of service departments represented, with the presence of the brute fact of resource shortage, at once meant that a greater range of cross-cutting interests were present, with more reason to express their points of view. As a consequence, the Management Team, even leaving aside the dissensus which we saw around the specific issue of the cuts in Authority B, was not without its tensions:

"I suppose in the abstract we ought to have a more collective and rigorous view about running the Authority as a whole ... I've come to the conclusion that that is an abstract view and doesn't relate to actual circumstances, because the interests of service departments are so different. Very broadly, I think we've got about the best we can out of it" (Chief Executive: emphasis interpreted).

"Sometimes, I don't know that we have a Management Team. Sometimes we'll act in group fashion, sometimes as individuals" (Architect).

The effect was that the Management Team could not impose the same type of monopoly over officers' consideration of resource allocations that we saw in Authority A. The use of, or appeal to one's Chairman was certainly a common tactic in Authority B, as we shall see, but it was



by no means the only tactic available: on occasions service Chief Officers could advance their own definitions of resource allocations and other issues within the officers' side alone, by working within the Team itself to gain its support in a way that would not have been possible in Authority A.

As an example, we saw earlier (p295) from our study of the politics of budgetary review that the Architect had complained of the effect on his department of its quota of early retirements arising from the cuts exercise. Although the Chief Executive controlled the Management Team agenda, the Architect sought and gained leave to put a report to it on the increased likelihood that design delays would lead to slippage, using as a 'lever' the concern of Chief Officers for projects in their own departments:

"They [Chief Officers] know it's real, I'm not inventing the problem, and that failure to recognise it will have a detrimental effect on things they have sought to achieve. There could be slippage in some areas ... I felt the need that all Chief Officers were aware because many of them were going to be affected by it. If you like, I was tacitly enlisting their support".

A second example comes from the Chief Housing Officer's account of how he negotiated himself greater freedom of action, granted with the Team's blessing, compared to the situation which he inherited of a 'weak' department under close scrutiny from the Chief Executive and other Chief Officers:

"I by-pass them quite a lot actually. I flooded them with housing issues until they changed their tack and said 'We don't want to see any more'. That started out quite innocently, but then I put something out called a 'Housing Policies, Procedures and Priorities Document' for consultation. Half-way through it I realised what the effect would be so I churned out 48 pages of consultation and comments. That was the final straw, I think. They couldn't bloody stand any more and were only too happy to let go of us".

Clearly, it is at least possible that this Chief Officer acted with the knowledge and tacit support of his Chairman, as would probably have been the case in Authority A. At the same time, though, it may be seen that he was able to use the Team to legitimise his own definition of the situation, albeit that this then involved a reduction in the Team's influence, without the virtually automatic and direct (if hidden) approach to his Chairman to act in the Party Group which we might have expected in Authority A.

However, it was within these parameters, at once allowing more sources of possible dissent and more scope for its expression, that the Chief Executive had to operate as head of the Management Team. Consequently, the depth and quality of the Team's consideration of, eg, resource allocation was much more visibly tied to the level of unity which could be maintained around each issue than was the case in Authority A:

"I'm not in the business of seeking disagreement. I'm more concerned to get to a position where advice can be tendered to the authority with reasoned acceptance by people. I suppose if there's a lot of difficulty I won't get too specific" (Chief Executive).

On several occasions in Authority B - for example, the selection of one year's Urban Aid applications - the use of ambiguity to secure consensus among Chief Officers was taken to the point where it was 'agreed not to agree': to make no recommendation and leave the selection to Members. As the Chief Executive continued,

"If there are disagreements between officers, and there are from time to time ... we prepare a report in which the arguments are set out and Members make their minds up".

At other times, the Team appeared content to function as little more than a 'routing mechanism' for issues as these arose, with agreement

seemingly only possible, after debate, on which sub-group of Chief Officers should be set up to consider the matter. Examples here connected with resource allocation were numerous: capital slippage, land acquisitions, the early retirements issue noted on pp295-6 above, planning gain and many other issues, on occasion accompanied by sardonic comments about "corporate management in action" albeit, one judged, at least partially for the writer's hearing!

When this apparent inability to take, or disinterest in taking, actual decisions was raised with interviewees, though, the issue was invariably turned on its head: even if this was a limitation in the instances where it applied, was it in fact the Management Team's role to take decisions? Like Authority A's Central Group, the view was clearly that the Team should 'manage' the authority and provide cohesion and unity, but the definition of what this actually implied was very different. Far from the centralisation of power and approaches to resource allocation, for example, with the strong possibility of a veto on uncongenial output from lower-level working groups, 'management' in Authority B was defined often to involve acting as little more than a clearing house and coordination point for officers' input and output:

"A lot of stuff that comes to the Team is worked up from elsewhere in the authority, so although it comes via me it comes half prepared. On the whole, the processes which lead to matters being considered there themselves contain the reconciling mechanisms, if you like" (Chief Executive).

It may be seen that, even if the depth of consensus and examination which could be achieved around an issue such as the allocation of resources was at times circumscribed, the routine breadth of input into such issues in Authority B was rather wider with a much greater emphasis on the Team as a channel for debates and definitions

originating outside it. In Authority A, by contrast, the "reconciling mechanism" was much more likely to have been the narrower negotiation process within the Central Group itself.

It may then be asked how this difference of approach to 'management' had come about. In particular, for all the greater breadth of view enjoyed by the Team, why did it continue with all Chief Officers on it when the impact on its effectiveness in imposing cohesion was evidently detrimental? One possibility was that this situation represented a de facto balance of interests, perhaps with each Committee, for example, powerful enough to ensure that 'its' Chief Officer gained a seat on the Team. If so, however, it needs to be recalled that the Chief Executive himself was in favour of the idea (see p327 above). He expanded on his own rationale thus:

"It gives Chief Officers an opportunity to express a view. It gives legitimacy to certain areas of work where it can then be said that 'Chief Officers have said this or done that'. It's very important to have the acceptance of Chief Officers for some things one wants to carry through. I'd rather have them sitting there doing nothing but feeling part of it and therefore being able to appeal to them from time to time, and seek their support".

It begins to become clear that for all the tensions and conflicts, especially at a time of scarce resources, the Team was as much an expression of Jonsson's officer-side "organising principle" of unity in Authority B as the Central Group in Authority A, but by the wholly different means of its ability to legitimise through its breadth of membership Chief Officers' aims, objectives and definitions. We have here the Chief Executive alluding to the need to process his own objectives through the Team in just this way; we saw on pp328-9 that the Architect and Chief Housing Officer both attempted the same thing.

If this is so, the issue arises in turn of how the Team acquired and maintained its defined ability to legitimise Chief Officers' activities. We saw earlier how there was in each Party Group a strong ideological sanction against public dissent or activity contrary to the Group line: the data also revealed, however, that there were collective pressures on Chief Officers to abide by whatever 'norms' the Team consciously or unconsciously defined to apply to the issue, and more generally not to advance their own definitions - too explicitly - outside the Team on issues of general concern (such as allocations of resources across the authority) to which it felt collectively that it should have an input. Thus, it could be seen earlier that even the Chief Housing Officer's strategy for breaking free of the Team's above-average level of oversight of his department rested in effect on obtaining its consent for this step, albeit under pressure, in order to legitimise it. As a second example, while we saw that the Architect clearly felt it legitimate to attempt to mobilise support from within the Team at its meetings, certain other tactics were ruled out. As he observed:

"We don't have little meetings beforehand and say, 'You say this, I'll say that'. Chief Officers here are very prepared to play the game according to the ground rules that have been established, and it would take something serious for that to arise".

A third example came when the Chief Education Officer was actually defined to have 'transgressed' the 'rule', as defined, about not pursuing one's definitions by by-passing the Team, in putting a certain paper direct to a private Sub-Committee meeting. This was not something which he was actually prohibited from doing, yet he came under immediate pressure to defend his position and, so far as could be ascertained, this tactic remained relatively uncommon (if not entirely absent) during the research period.

While the group sanction in the Management Team, as this last example indicates, was not wholly effective in actually preventing the Team from being by-passed (it certainly never approached the conformist pressures in the Party Group experienced by Members), the data indicated that its impact on the order negotiated in Authority B around issues of resource allocation should not be understated. Critically, this impact continued even through the tension engendered by the brute fact of resource shortage. Thus, although he was accused of deceit in enacting his definition of the desirable levels of early retirement (see above, p295), the Chief Executive continued to seek the legitimacy of Chief Officers' agreement to his proposals being put to the Policy Group, much as we outlined on p331 above. A second and even clearer indication of the continuing power of the Team to legitimise - or in this case render illegitimate - arose from the Treasurer's strategy of using the group sanction within the Team to enforce spending restraint and observance of the level of cuts which we saw were finally enacted:

"If somebody felt like being really bloody-minded they still could, but because we'll be following up our budget instruction saying 'This is what did happen, this is what didn't', they'll be looking at that. Those that did will say 'Well bloody hell you didn't', and we'll have the leverage on the rest through group sanction. It doesn't sound like much, and as I say, somebody could ride over it, but you'd generally be surprised what sort of a pressure it gives us" (Treasurer).

Thus, compliance with the cuts order was effectively enhanced by rendering any alternative course of action 'illegitimate'.

To summarise what we have seen of the negotiated order around resource allocation in the officers' side of Authority B, therefore, at first sight the picture was one of apparent relative dissensus and tension within the Management Team, with the Chief Executive on

occasion, unable to enact his own definitions of the situation necessarily in the form he might have wished. The level of consensus and depth of consideration of the issues involved - with the former being maintained on occasion by restricting the latter - appeared to suffer thereby. These appearances, however, and the apparent ability of Chief Officers to advance their own 'departmentalist' definitions of resource allocations without the automatic recourse to the Chairman to do this that we saw in Authority A, both need to be set carefully in context. The Management Team in Authority B had gained and proved able to retain, even at a time of scarce resource, group sanction and the defined ability to render legitimate or illegitimate Chief Officers' own definitions of resource allocations, including those of the Chief Executive. This prompted both the "concentrating" (Greenwood et al, eg 1980a: p13) tendency to opt for routing definitions of where to allocate resources through the Team when it was anticipated that the Team itself would in turn define the issue concerned as within its purview, and, at the same time, the need to present those definitions in a way which it would accept. The collective input of all Chief Officers into such definitions, even if through the anticipation of their reaction rather than any overt expression of their opinion, was potentially enhanced thereby.

### (iii)(c) Chief Officers in the Budgetary Elite: Comparison of Authorities A and B

Turning now to a comparison between Authorities A and B, points may be made on two levels. In both authorities, the central Chief Officer body observed in many ways expressed Jonsson's officer-side cultural "organising principle" of unity, but each through a wholly different

negotiation of order. The approach in Authority A involved restricting the role in resources issues played by non-Central Group - ie service - Chief Officers, thereby restricting in turn the extent of unity of consensus which was actually necessary to manage the authority on the Officers' side. As we saw, the Central Group was able to filter and control definitions of where to allocate resources which went forward to the powerful and autocratic Leadership and thus - except where Chief Officers successfully mobilised Chairmen - which stood a chance of being enacted. More will be seen of both these possibilities very shortly. At the same time, though, it appeared that this restriction of the locus of power on the Officer side of Authority A to the relatively small Central Group, plus the fairly close and consensual style of working under the Chief Executive, served to deepen the consensus around its members' central 'binding' definition of their strategic control function. By contrast, the approach in Authority B was then seen to be a complete reversal, in that with the much larger Management Team, it was sought to broaden the input of Chief Officers, even if this had its price in terms of the depth of unity and consensus which could be achieved around any one definition or set of definitions.

To summarise this first level, therefore, we have a tendency on the one hand to what may be characterised as a narrow but deep unity and consensus around the management and direction of Authority A, contrasting with the tendency to a 'broad but shallow' level of unity around the management of Authority B. The impact of these tendencies upon the negotiated order of definitions of the allocation of resources in each authority has already been glimpsed, and will be expanded upon.



Moving then to the second level of comparison, we have a contrast between the styles of management within these constraints. The emphasis in Authority A can be characterised as promoting the control of the output of the officers' side; the corresponding emphasis in Authority B might be characterised as securing legitimacy from Chief Officers collectively for individuals' output. Within the management configurations studied, these emphases repeatedly emerged as integral to the definitions formed by the actors 'in power' - ie non-service Chief Officers in Authority A, but a wider group in Authority B - of the best approach to issues as these arose, and of the rationale for perpetuating the negotiated order represented by the management configuration in each authority. Accordingly, they may usefully be isolated conceptually.

Starbuck (1982: p3) speaks of ideologies as "... logically integrated clusters of beliefs, values, rituals, and symbols": leaving aside the issue of their logical integration (which in any case begs the question of 'who's logic?'), as opposed to being integrated subjectively through the definitions of those enacting them, the emphases observed here can plausibly be conceptualised as ideologies. Thus, within the officers' side of Authority A influencing and filtering definitions of, and configurations for, the allocation of resources, we have what may be termed the ideology of control; performing the same role in Authority B, we have the ideology of legitimacy. Both these ideologies served to channel the negotiation of order around the demands taken to arise from the more culturally based and defined "organising principle" of unity in each authority. To this extent, therefore, ideologies may usefully be distinguished from more 'background' cultural or sub-cultural features such as the organising principles themselves, (although both were in effect

'learnt' or socialised sets of definitions consciously, or more probably unconsciously, applied to issues as they arose), in terms of their more narrowly specific impacts in colouring definitions of particular problems (ie, in this case, unity) and of solutions to them. The relevance of the concept of ideology to observed consistencies in the definitions formed of where and how actually to allocate resources, will be expanded in the course of what follows.

So far in our account of the politics of resource allocation, however, we have tended to view the budgetary elite groups of leading Members and Chief Officers as distinct and operating separately. This was not, of course, the case. We now begin to examine the interactions between these groups, on the basis that actors in neither group in each authority, whatever their tactics amongst others on their own 'side' of the authority, were able to enact their own definitions of resource allocations without also interacting with members of the other group. These interactions themselves were therefore of great significance in negotiating order around the allocation of resources. It is accordingly to exploring the dimensions of this relationship that we now turn.

#### (iv) THE BUDGETARY ELITE: BASES OF INTERACTION

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##### (iv)(a) Introduction:

As a first step in examining the relationships between each side of the budgetary elite in the authorities studied, it is helpful to examine the particular resources, and needs, which each group tended to bring to the negotiation of order, and it is to the first of these

- each group's own resources - that we turn here. The intention is not, as it might appear, to imply a necessarily adversarial relationship between members of each group - indeed, although this is clearly a possibility (eg Laffin & Young, 1985: pp42-3), the actors studied here generally sought for reasons which will become clear to cultivate their' Chairman or Chief Officer rather than oppose him. However, we have seen that, with 'politics' as we have defined it, in any interactions anywhere, adversarial or otherwise, the key factor in the ability of the actors involved to enact their definitions will be the resources which consciously or unconsciously they are able to apply in support of their points of view. Thus, while relations between Chief Officers and Chairmen were not often 'adversarial' as the term is usually understood, it remained the case that certain power resources (apart from purely personal attributes such as persuasiveness) emerged from the data as being consistently available to members of each group to use in their dealings with the other, as they were able or saw fit. These particular resources, out of the literally infinite range potentially available, were therefore significant factors in the negotiation of order, and they are accordingly now briefly outlined. The apparently contradictory position arrived at, of the potential power accruing to both groups of actors by virtue of the resources available to each, will then be resolved, as the key to the overall relationship, in terms of their mutually interlocking deployment.

#### (iv)(b) Chief Officers: Power Resources

The first and perhaps the most obvious power resource available to Chief Officers was the ability to interpret and define trends and

events in an uncertain world to Members. At its most extreme, Gyford (1976: p44) speaks of Chief Officers presenting a 'united front of expertise' which the part-time lay Member would have little chance of penetrating. As one officer put it:

"When you suggest things in certain ways to a Committee you're actually making it very difficult for them to refuse, to publicly stand up and say 'No'" (Solicitor, Authority A).

(cf also Gyford, 1976: p43). Clearly, as we have already seen, in particular the sheer complexity of the grant system will tend to enhance this power resource for Treasurers willing, and able, to use it to enact their definitions.

Building on this possession of expertise, it is then perhaps hardly surprising that as, eg, Saunders (1979: pp222-3) also observed, Chief Officers may derive considerable de facto power from the day-to-day management of the authority:

"By and large the greater part of departmental decision-making is carried out by heads of departments, with Chairmen involved in those matters which are sensitive" (Chief Executive, Authority B), ...

... extending then into policy initiation:

"Without a turnover of Chairmen they [Members] run out of politically based ideas. Increasingly as time goes on the ideas come up through the administration. Ethnic minorities is a good example. We've a large ethnic minority, but which doesn't present us with quite the same stresses as elsewhere. On the whole, the pressure for Members to address their minds to the issue has come from me and other officers. It's not that they're unsympathetic by any means, they just haven't put the pressure on" (Chief Executive, Authority B).

"Members don't innovate much. Their contribution tends to relate to events. Officers tend to have the longer view as they are the permanent feature" (Chief Executive, Authority C).

It seems reasonable to speculate from this that (particularly as an

administration nears its end) there may be a tendency over time for Members to define their own roles more reactively and less proactively (cf Alexander, 1982: p82).

As Chief Officers' second power resource, therefore, Members' increasingly narrow definition of their roles often prompted them actually to wait for officers' contributions before forming further definitions of their own of the issue:

"If you're not careful, you can just sit back and allow officers to do it. They pose you a series of problems and give you answers and expect you to accept one of their choices, as against thinking politically yourself and saying 'I don't agree with any of them'. There's a danger they'd come up with all the bright ideas" (Chairman, Authority A).

Indeed, Authority A presented perhaps the most extreme example of Members' readiness to await officers' definitions of where to allocate resources, where the autocratic control by the Leadership of the Party Group which we have already seen over the budget (see pp85-6, 259-61 above), extended to enforcing, in effect, a vacuum of ideas on the Member side:

"I've been to meetings where [Chairman] has said, 'It's 90% administration anyway, so why get wound up?'. The biggest pressures for change must come from the officers. It doesn't come about through political means" (Back-bench Member, Authority A).

As Rosenberg (1983: p24) found, leaving aside the autocratic aspects of how it was enforced, it is evidence of how strongly this definition was held that Chairmen regarded officers' influence over their thinking as entirely natural:

"If you have a problem, there's only two or three ways of solving it and if an officer can't come up with those he ain't really worth his salt, is he?" (Chairman, Authority A).

"I'm only doing this part-time, and if the professionals don't come up with the ideas there's something wrong" (Chairman, Authority A).

"A Chairman has to learn his business and in talking to you you find they are looking to you for some influence" (Treasurer, Authority B).

This acquiescence appeared to spring from two sources hinted at in these quotes: there was an element of Chairmen accepting a situation which they found upon taking office, but more importantly it appeared to stem from the (unconsciously) defined sheer obviousness that full-time professionals should take a lead in the way that they did.

Further, as well as at times coming close to monopolising the allocation of resources in the authority (cf also Cockburn, 1977: p28), it is perhaps not surprising in view of the foregoing that Chief Officers' definitions even proved influential in the inner workings of each Party Group:

"At the last election what I asked all the Chairmen to do was let me have two pieces of paper, one listing the achievements of their Committees over the last four years and one listing what they aim to do over the next four. I would say quite a percentage of that was written by the officers" (Leader, Authority B).

Similarly, in Authority A, officers' influence spread to each Chairman's annual report to the district Labour Party:

"Without telling tales out of school, if you put all those reports together you can see which ones the Chairman has written and which ones are just officers' reports. Some Chairmen are like that ..." (Chairman).

To summarise the overall point, it may be seen that through the acquiescence of Chairmen, borne largely of their inferior information resources and their generally part-time status, Chief Officers' definitions of where to allocate resources were profoundly influential in the negotiation of order, even in the inner-most Party circles.

However, even where Chief Officers were not allowed, so to speak, to form Members' definitions of where to allocate resources for them, it was sometimes possible, as Chief Officers' third major power resource, to use their involvement in compiling agendas to manipulate Chairmen and Committees into reaching the desired decision (eg Gyford, 1976: p44). The methods of doing this ranged from the near-standard admission of selectively wording reports:

"We don't actually encourage aggro. The report I was looking at this morning talks of 'land sales'. Now you know very well that Labour politicians don't like the word 'sale', so we altered it to 'land disposals' which can encompass long leases at a premium" (Solicitor, Authority A),

to the admission that the ability to "tell 99% of the truth, the whole truth and nothing but the truth", was "at the least a useful attribute" (Assistant Treasurer, Authority A). However, along with the ability to manipulate information were the subtler skills of manipulating people:

"There are devices for dealing with difficult Committees. You let everybody have their say, you mull over votes, don't take a vote too soon, you let some people talk themselves out or ... damage their case, and you may be able to say, 'Well I take it that's agreed' and it's not put to the vote, whereas you know very well there's a fair number who oppose" (Chief Executive, Authority B).

"You know there will be a discussion, people will express strong views for and against. You know some won't talk at all and some won't know what it's about, you can't tell which way they'll go, and others who will already have made up their minds or will according to what's heard. You judge the right time, you can be too early or too late. I would interrupt without appearing to and make a reference to a number of Members who'd spoken so they all thought 'Ah, he heard what I said', and say, probably 'It seems to me we've given the Committee enough to make a decision and we wonder whether the resolution as it's put is right'. If someone else is starting to talk one has to judge whether to defer or not and smile and say, 'May I?' It's very dangerous in a way, when something is decided and you feel you've manipulated the entire thing" (Chief Executive, Authority C).

It is of course possible to over-stress the picture provided by these examples in isolation, and we shall see below that each Chairman's involvement with agendas could also provide him with substantial power resources. Nevertheless, techniques, if that is the word, which perhaps some Chief Officers did not realise they had, formed an important "second dimension" (Lukes, 1974) power resource for them, in conjunction with the superior flow of information and the tendency of Members to defer to their judgment and ideas, in enacting their definitions and negotiating order around resource allocation or any other issue.

#### (iv)(c) Leading Members: Power Resources

We turn now to the power resources which it emerged from the data were available to leading Members (in this context, particularly in their roles as Chairmen) in enacting their definitions within the resource allocation and policy process. However, it is immediately noticeable how relatively few writers are prepared to 'allow Members a chance' against Gyford's "united front of expertise" presented by Chief Officers. As Dearlove complains,

"Nowadays it is seen as a mark of hard, realistic and relevant scholarship to retreat into a critical cynicism asserting that all councillors are rubber stamps and that all power lies with the officers" (1979: p53).

As against this, in the face of the substantial power resources available to Chief Officers as just outlined, such a conclusion is perhaps unsurprising. On the other hand, we have already seen that while it is one thing to note the availability of these power resources of expertise and information, it is quite another to suppose



that they will always be deployed in such a way as to render Chairmen no more than cyphers. To assert otherwise is to overlook the critical fact noted earlier that the impact and realisation of power resources depends on the actors involved, and it is also to simplify the nature of Chairmen/Chief Officer relationships to the point of distortion. Clearly, some Chairmen will be easier to steer or dominate than others, just as some Chief Officers will be more adept at steering or dominating, and using the power resources available to them. As Gyford (1976: p45) noted, a key issue is the willingness of Chairmen to allow Chief Officers to 'make the running' in this way, or if necessary his ability to assert his own definitions:

"I think the decision one takes is whether one takes A, B or C from them [Chief Officers] or whether you see if there might not be a bit of good in each. Sometimes you've got to look between the alternatives. I would prefer to have the facts and it's up to the politician to decide. I'm not taking anything away from the officers, but I don't expect them to know, old hackneyed phrase maybe, the sort of solutions the working class is looking for " (Chairman, Authority A).

This occasional suspicion of Chief Officers, and unwillingness to defer to them was also noted by Rosenberg (1983: pp20-1).

A refusal to take officer advice - in effect, the ability to act 'irrationally', in the sense of ignoring information advanced by Chief Officers - was actually quite widespread in the authorities studied (cf also Haynes, 1980: p14), and may be viewed as Members' first major power resource in enacting their own definitions where these conflicted with officers':

"I remember I wanted something done on the computer. It was some silly little thing, and I was given all sorts of reasons why not. In the end, in a totally childish way I more or less just stamped my foot and said 'I don't care, just do it', and they did" (Chairman, Authority A).

"When I'm told that a leisure centre will cost £7m, I immediately ask why we can't do it for £4m, because I suspect the £7m is for the gold roof on it. I think there is a tendency for some officers to go overboard, just because a thing is in vogue they put the best possible plans up, no doubt at all. We had this where we'd got [name of Leisure Centre] as part of a planning gain, but the Architect said we couldn't do it with the two acres we'd been given. The developer said any more than that and he couldn't bear the costs of developing. In the end I just saw [the Architect] and said, 'Look, its two acres you've got to bloody use, go and put a leisure centre on it'. The first time he came back with an abortion and said 'we can't get it on' and I said again 'go away and put one on there for me'. He came back and he'd done it". (Leader, Authority B)

Brunsson (1982: p34) also notes how ignoring information can prompt action more than a more 'rational' approach involving a wider consideration of the issues: while these examples may not have been what he had envisaged, it can be argued that they are cases in point.

In particular, however, and most importantly from our point of view, officer advice seemed especially vulnerable when it came to framing the budget, or parts of it. Thus, we saw how Authority A's Treasurer was obliged to bargain an estimate of interest rates with the Housing Chairman; in Authority B we saw how it took the Treasurer several years to persuade Members to contemplate cuts and also how £1m of these cuts was reinstated against his advice. Similarly, the Chief Executive of Authority C reported the following:

"Last year we made an assumption that in line with previous policy the Council would want to hold the rate if it could, and as it was possible we drew that conclusion in the estimates report. Members were critical that we had expressed an opinion. This year we just set down the position - which led inexorably to the conclusion that the rate would be 10p. That was accepted. There was then a reduction to 9p as a purely subjective decision by the Members in control that the rate must not go up by 50% [6.6p to 10p], though our justification of 10p was accepted".

The hypothesis arising from this evidence would presumably be that

officer advice, and their power to enact their definitions in conflict with Members', diminishes with the political (conventionally defined) salience of the issue. Framing the budget - or even part of it - is of course highly salient, especially at a time of resource shortage and uncertainty, and therefore leading Members' own definitions were able to feed through.

However, it is also perhaps easy to overstress the extent to which officers' information and expertise, for all their full-time status, was inevitably superior. As a second power resource available at least to some Chairmen, like officers in their professional capacities it may be possible for them to acquire information and form definitions from sources outside the authority:

"Because we're a big authority a number of our Members sit on national bodies. [Leader] is on the [local Authority Association], on the Consultative Council and all that. Because of that he gets not only advice from us but from the [Association's] advisers and from the DoE itself" (Deputy Treasurer).

Thus, while it is not claimed that this Leader was able to challenge the expertise of, say, the Treasurer, he was in a position to follow events more closely. As he put it:

"I have the Treasurer look at something for me first, but I'm able to question him a little more closely than most and probably from time to time suggest another approach is needed".

Equally, as Haynes (1980: p14) also noted, some Members were further able to develop their own power resources of information and 'nous' by their sheer familiarity with their subject area and experience of the authority:

"I don't know what education he's had, but [Chairman] is a better housing accountant than I am" (Deputy Treasurer, Authority A).

"I can often tell from where officers have put things in the estimates that they don't mind them being knocked out, and I can often see the things they dearly want left in, from the position in the accounts and the way they present it. It tends to be hiding in the figures. I usually find that they've put something there which they know will look contentious, that they don't really want, and you find them only half-heartedly arguing for it. I then look at the one before and the one after, because that's where the dodgy one tends to be" (Leader, Authority B).

It may be seen that on the evidence from the data here some Members, at least, in each authority were able to deal with Chief Officers on much more equal terms than might have been supposed, and thereby advance their own definitions of resource allocations vis-à-vis those officers.

A third major power resource available to Chairmen, notwithstanding the advantages in this area noted earlier which could also accrue to Chief Officers, was their control over Committee agendas (cf also Laffin & Young, 1985: p45). In particular, perhaps capitalising on the power resource offered by Chief Officers' greater enforced reliance on them to circumvent Central Group opposition, Chairmen in Authority A were notably coercive in their approach to the content of agendas, where it appeared relatively common for officers' reports to be altered:

"I never let an officer report go without an input from me, apart from routine matters. On nearly every major report there will be paragraphs which I have written because I believe it's important to have a political input. I may be unusual in this respect. I know [Leader] tends to be of the attitude of tearing reports up and saying 'I don't like it, do it again', whereas I say 'If that's seriously your professional judgement, I'm going to temper it'" (Chairman, Authority A).

Wherever this occurs, Gyford's emphasis (1976: p44) on the power accruing to Chief Officers by virtue of drafting Committee reports is to that extent misplaced: the Chief Officer's preferences were not

necessarily the outcome. Indeed, from Members' altering reports it is but a short step to suppressing them, both as we saw earlier (p253) and as the following example also suggests:

"I don't like the idea that any officer has a right to put any item on a Committee agenda ... I would want to know what it was all about before it went on, and if it was contrary to policy, then that item would never appear" (Chairman, Authority A).

The main vehicle of the Chairmen's control over the form and content of agendas in Authority A was the agenda conference between each Chairman and 'his' Chief Officer prior to each Committee meeting. Here the Chairman's and Chief Officer's definitions of the issue, and the former's further definitions of what his Committee (not to mention the Party Group) would accept and legitimise, were combined to be put to the Committee for that legitimisation. Accordingly, as another Chairman in Authority A put it:

"Officers have to sell something to me first, and there's a hell of a lot of things which never see the light of day because they've been thrown out by me and [Vice-Chairman] at agenda conferences. There's an awful lot of fixing, in the correct sense of the word. The way a Chairman handles his agenda conference is a crucial part of the whole set up".

We noted earlier how the respective personalities of the Chairman and Chief Officer were significant factors in their relationship and in determining whose definitions, or which compromise definition, was enacted as 'allocated resources'. It may be speculated that in these focal and central, but essentially private fora (a Treasury officer and the Vice-Chairman were usually the only other people present), the role of respective personalities in the negotiation of order around the allocation of resources was at its most influential: agenda conferences were, for example, apparently much more of a 'make or

break' point for definitions in Authority A than Committee meetings themselves, and far more clearly a determinant, as opposed to a legitimator, of whichever definitions were actually enacted as policy or allocated resources.

The position in Authority B was somewhat different, in that any 'fixing' of agendas which did occur was at least less easy to locate precisely than in Authority A. It may be that it occurred in places other than the specifically identifiable fora of agenda conferences, since these were less in evidence, but there is equally evidence that other 'filtering' mechanisms were of a more generalised significance. Thus, a good deal of filtering actually took place in the Management Team on the basis of the Leader's assessment of what would 'go' in the Member side, as communicated to (and, of course, defined for) the Team by the Chief Executive. Member 'control' over the business of Authority B, to the extent that this was routed through the Management Team, therefore tended to be at one stage removed, through the mechanism of Chief Officers collectively anticipating their reactions. While this was also highly important in Authority A, as we shall see, this collective emphasis seemed to give it a particular significance in Authority B, and it may be that the incentive to abide by the Management Team's decisions and defined norms, noted earlier (pp326-7), was increased by the presence of authoritative information on what was or was not feasible at that time.

#### (iv)(d) Power Resources: Summary and Conclusion

These mechanisms in each authority will be returned to. To summarise the position so far, however, the data indicated that Chairmen were

not necessarily mere cyphers in the hands of their Chief Officers, and that to suggest otherwise is greatly to oversimplify the position which actually obtained. Rather, we have seen that Chairmen in fact had substantial potential power resources vis-à-vis Chief Officers to enact their own definitions, and that on many occasions the order negotiated between them was rather closer to the Chairman's definitions and views than the Chief Officer's. Drawing on what we have seen of the power resources potentially available to each 'side' of the budgetary elite, therefore, and as a prelude to examining the relationship between Members and Chief Officers in each elite, if either group is taken in isolation, one could find apparently contradictory evidence for its predominance in terms of its members' ability to have their definitions of resource allocation enacted.

It is from this position, though, that we can now develop our argument a stage further. Often, as the example of control over Committee agenda shows especially clearly, the resources available to either side effectively conditioned those available to the other. Thus, the coercive control over agendas exercised by Members in Authority A was in fact primarily reactive to what had been written in the first place by officers - but at the same time, as we shall now see, those officers would have taken it as self-evident (had they consciously considered the matter at all) that their starting point in drafting their reports, and the parameters within which they had to be seen to advance their own definitions, were Members' 'known' (as defined) predispositions. The relationship was one of simultaneous influence and counter-influence, and the picture which emerged from the data was therefore rather more complex than it has so far appeared. Given the presence of the other group, in effect, neither was in fact paramount: because of their respective strengths and weaknesses the

negotiation of order between them was conditioned by the need of each for, and thus to accommodate the other in order to enact its own definitions. We now explore the interactions which arose as a result, to illustrate their critical significance in negotiating order around the allocation of resources.

#### (v) THE BUDGETARY ELITE: NEGOTIATED ORDER THROUGH SYMBIOSIS

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##### (v)(a) Introduction

We have examined the Member and Chief Officer 'sides' of the budgetary elite in the authorities studied and concluded tentatively that, because of the particular power resources generally available to the other 'side', neither was likely to have been able to enact its own definitions of where to allocate resources without the support or compliance of the other. Far from the 'adversarial' impression which might initially have been gained, because of their de facto mutual reliance,

"... there are strong grounds for suggesting that the relationship of Chief Officers to the leading Members is more that of close allies ... [T]he officers depend upon the leading Members as much as the Members do upon them; the relationship is symbiotic in that the 'political elite' needs the help, advice and information which only the officers can provide, while the officers in turn are obliged to address themselves to the ideological predispositions of the elite members if their proposals are eventually to be accepted ..." (Saunders, 1979: p224).

Saunders himself ascribes this relationship in Croydon to the fact that it was Conservative-controlled, and speculates that the same may not be true of other more left-wing authorities (1979: p224-5).

However, the data here suggests otherwise: while Authority C was



also Conservative-controlled, Authorities A and B were of course Labour-run (albeit to varying degrees fairly 'right-wing' in Labour terms), and all three contained compelling evidence of mutual dependency.

Accordingly, while the previous section examined how actors in each group were potentially able to use their own strengths and the others' weaknesses as power resources, here we examine the extent to which in negotiating order around resource allocation, each group was of itself effectively the other's major power resource. Putting it the other way about, the picture becomes one of symbiosis, as we introduce an element of need: each group needed the other if it was to enact its own definitions, and had therefore to accommodate the other accordingly. As we have noted, it is in this relationship that we begin to penetrate to the core of the negotiation process through which the content of resource allocation processes come into being, and we therefore now explore it in some detail.

#### (v)(b) Symbiosis in the Budgetary Elite: The Needs of Leading

##### Members

Taking the point of view of Members in the budgetary elite first, we have observed the operation of Jonsson's "organising principle" amounting to a culture amongst politicians of conflict; however, it emerged from the data that certain factors became critical to bolstering the strength and status of leading Members in these conflicts and that these factors were to a substantial extent in the hands of Chief Officers. The first of these, as Saunders noted and as we have already seen ourselves to some extent, was the need for

concrete information as a power resource for enacting one's definitions in the face of opposition from others who do not share those definitions, either by persuasion or overruling them. As the Deputy Treasurer in Authority A noted of the demand from the Leadership for information on RSG developments:

"They always need it in black and white, something concrete. If you were to look at [the risks of] predicting like that too closely, you'd back away from the whole thing, and there's no way the politicians would accept that, no way. You've got to give them something to go on, without it they're absolutely adrift ..."

With that information, or at least a monopoly on whatever was authoritatively available, we saw earlier that leading Members were able to "... more or less pee all over" (p260) counter-arguments - in this case from within their own party - to the point of being able as we also saw virtually to negate criticism of the entire budget. An even clearer reliance on information supplied by officers came from Authority B where Chief Officers were called upon to advise, via counsel's opinion, whether the authority's budget was framed so as to avoid any possibility of a legal challenge or the threat of writs on individual leading Members.

The second need of leading Members revealed by the data to arise from their "organising principle" of conflict was a perception of competence and achievement as a means of underpinning their defined authority largely as Committee Chairmen, but also as a collective Leadership vis-à-vis back-bench Members, potential rivals and opposition, and also constituency and district parties (quite apart, of course, from a desire to 'achieve' for its own sake). As an example, Authority B's Chief Executive explained the relative lack of interest noted earlier (eg pp269-74) in budgetary review:

"By far the most difficult thing is to persuade elected Members to think a bit more critically about the effectiveness of services, because of course the very purpose of getting themselves elected was to get things done, and it doesn't fit their desires for that".

No doubt politicians of a different persuasion would define 'achievements' differently, but the basic point remains that, however it is defined, a 'record of achievement' is likely to form part of the underpinning of the authority defined for each Leadership, or for each Chairman individually. Once again, the role of Chief Officers accordingly became crucial:

"One of the assets that any Member has is the attitude of the officers towards him. If they have confidence in you as a person then of course you're more likely to get more out of them than if they think you're a complete idiot. I've set out my stall as an active Chairman and if I can't get them to work with me I'd soon lose out ... There's got to be that rapport" (Chairman, Authority A).

More specifically, the reliance on officers to allow and protect achievements and reputations was especially evident in the case of individual Chairmen/Chief Officer pairings where, notably visibly in Authority A, Chief Officers were needed by Chairmen as their 'agents' in the officer side of the authority. As the previous respondent continued,

"I think what I've discovered is that the ability to get your budget not only depends on the quality and personality of the Chairman in fighting and arguing his case, it depends on the Chief Officer. I certainly expect mine to get involved in political arguments supporting my case, political with a small 'p', I mean."

Similarly,

"I expect [Chief Housing Officer] to fight for Housing among the officers. He must do that" (Housing Chairman, Authority B).

Thus, although we noted the relative concentration of power in

Authority A in the Central Group-Leadership axis, we saw also the dual allegiances and roles of leading Members as Committee Chairmen and that, where they defined it as necessary or expedient, some Chairmen could use the support for their Committee's stance to by-pass or circumvent the line collectively defined by the Leadership of which they were also a part. As these quotes indicate, Chief Officers as 'agents' became integral parts of such strategies, as Chairmen used them to apply pressure on other departments or on the Central Group itself, as necessary, to advance or defend their interests and the definitions of their Committees. Of course, the opportunities for Chief Officers to append their own definitions to the Chairman's own or even subtly to modify them in terms of what the Chief Officer claimed he could realistically expect to pursue on the officer side, were also present.

A particularly clear example of how in this way politicians' conflicts needed also to be fought in the officers' side of the authority concerned a £1.3m capital allocation received by Authority A after the 1981 moratorium on council house-building, an allocation which the Leader had clearly lost track of:

"We'd already had the approval of the [Party] Group to spend the £1.3m when we made our original HIPs bid which the Group had been in on. The original allocation was creamed away by the moratorium, but when I heard there might be ideas afoot to take it back, I could say I had the right that it should be used for Housing. I was aware that certain other people had rather taken a view that it should be used for other things. My own view was simply to instruct [Chief Housing Officer] not to bring the report forward" (Housing Chairman, Authority A).

Thus, the Chief Officer was to be used as part of the strategy to 'lose' the £1.3m from view. The Deputy Treasurer took up the story:

"I was quite shaken to hear the Leader's reaction. At the agenda conference before the Resources Committee [of which the Leader was Chairman], the Treasurer reminded him of Housing's allocation, increased by the £1.3m. Now that allocation was returned in March. It's now July. A few times I've said to [Treasurer], 'Are you going to mention this' and he'd been advised by [Chief Housing Officer] that the Chairman of Housing had informed the Leader directly. At this particular agenda conference the Treasurer said 'Don't forget the £1.3m' and the Leader said 'What £1.3m?' There was a breakdown in communication which I can only describe as deliberate. We were deliberately wrongly advised by the Director of Housing".

It may be seen how the Chairman of Housing used his Chief Officer to mislead the Treasurer (and thus Central Group) into not raising the overall issue. Consequently, when the issue finally did surface, the Housing Committee could say it had already voted on an allocation of the £1.3m, leaving the Leader and the rest of the Leadership with no chance of enacting their own definitions in the Party Group of where the money should go.

However, while this example is especially clear, we should not lose sight of the fact that Chairmen relied on Chief Officers' 'agency' activities, and the latter defined these roles for themselves, not just as a series of 'set pieces' such as this but as a process: the relationship was essentially routine in nature, to be applied to day-to-day events as these arose. As such, the basic features of any interpersonal relationship, such as the level of trust which the Chairman felt he could invest in 'his' Chief Officer (cf also Rosenberg, eg 1985: p69) then became significant:

"[Chief Officer's] predecessor was more of an academic ... He would never take a decision. He was on the 'phone to me 20 times a day. But one of the failings of [present Chief Officer] is he lets it be known he's more on the socialist side of things by what he says. That is a great danger, so there are times when he's going to say things in Committee and I'll tap him on the leg and say 'I'll take this one'. If I had to vote for him again I wouldn't necessarily do so, because I might prefer the [predecessor's name] type of guy" (Chairman, Authority A).

The fact that this was a Labour Chairman speaking only serves to strengthen the point. A favoured strategy of this Chairman in outflanking opposition in his own Party Group to his Committee's status was to mobilise the tacit support of the Conservatives on the Committee within their own Party Group. A Chief Officer unable to mind his tongue in such circumstances was an obvious liability (although the example itself contrasts strongly with Laffin & Young's finding - 1985: pp51-2 - of the growing expectations of political identification by Chief Officers).

In particular, however, in the context of these 'agency' expectations, there was a routine reliance on the Chief Officer as a 'back-watcher', a defensive or intelligence function helping the Chairman through the conflicts arising naturally from the business of the authority:

"You can't plough down a furrow if you could be doing damage to your Chairman. There are instances where if I hadn't intervened and scrubbed something, he would have got clobbered. There's always a certain amount of information held back. It depends on who was asking and why. One gets to know the attitude of certain Members and officers, and I would always advise the Chairman, so he's aware of what questions are likely to arise. I've got to protect my relationship with the Chairman and protect him" (Chief Officer, Authority B).

A further example came from the Housing Chairman/Chief Officer pair which we have just seen in operation in Authority A, where they colluded to ensure that unwelcome information from the Treasury often did not reach the Chairman formally and so, not having his approval, did not become public in Committee:

"Housing quite often prepare reports without coming to us. We tend to get the papers on the Friday before the agenda conference on the Monday, and reading them over the weekend you can't get in touch if there's a query. Now, Housing is the only [formal] agenda conference where the Chairman doesn't attend. The Director attends and has a word with the Chairman later in the sort of real agenda conference. I don't know that that's right because if you want to raise things directly with the Chairman you have to get hold of him yourself" (Accountant, Authority A).

It may be seen that the Chief Officer was in effect needed in an 'agency' capacity by the Chairman to help him manage the demands and pressures placed upon him: the accountant's irritation revealed here was presumably a measure of the success of the approach.

To summarise what we have seen, the data revealed that what were defined as the functional imperatives of Jonsson's Member-side "organising principle" of conflict promoted a reliance by leading Members on Chief Officers for several reasons. The first of these was for concrete information to a higher level than any opposition either within their Party or outside it. The second was that if, as Chairman, leading Members were to underpin their authority by being defined as 'a success', they again needed Chief Officers to promote their interests and those of their departments or Committees within the officers' side of the authority; this in turn extended into the more generalised 'back-watching' and intelligence functions which we have just seen. Chief Officers were their Chairmen's 'agents' in the officers' side of the authority, and thereby played a vital part in securing the latter's fortunes: hence, we also begin to see the significance of individual Chairman/Chief Officer pairings (cf also Rosenberg, eg 1983: p24) and of the level of mutual trust between them, as influences on which definitions of where to allocate resources were actually incorporated in the action being negotiated. These themes will be expanded in what follows.

(v)(c) Symbiosis in the Budgetary Elite: The Needs of Chief Officers

We now turn to what the data revealed of Chief Officers' needs in this symbiosis. On one level, as we shall see, the reliance of leading Members upon Chief Officers afforded the latter significant power resources for themselves. However, for all the clear opportunities for Chief Officers arising from this position, we immediately find the relationship between each 'side' of the budgetary elite cemented by reciprocal bonds of reliance by Chief Officers on leading Members.

Thus officers, in Jonsson's formulation of "organising principles", seek to maintain unity and consensus through applying predefined rules and procedures to events as these arise (Jonsson, 1982: p27): a key prerequisite of being able to achieve this is stability of demands (or at least the absence of conflict in these), and of course one of the key sources of demands is elected Members themselves. Accordingly, Chief Officers were observed in the at times quite dedicated pursuit of this stability through the conflicts of local authority and Member-side politics:

"Most officers tend to the centre. It's there you find the widest measure of agreement and it's easiest to feed things through the machine" (Chief Executive, Authority B).

"The trick is to prevent them undoing all the good things. We're producing R&D work which will sustain me if the fight comes on with the Tories when they start saying things like '60% of the people on the waiting list don't need housing' which is something they always say. It could be leaked the day after they achieve office if necessary" (Chief Housing Officer, Authority B).

"Politicians take a short-term view. I take a long-term view, I have to. I'm looking for a stable situation, something that isn't going up and down all the time" (Treasurer, Authority A).

Further examples of this preference for stability at Chief Officer



level, and of the effects of its removal - such as dissensus over the implementation of cuts in Authority B, or the abhorrence of officer disputes in Committee which this revealed (see p275) - were numerous.

However, as a primary potential source of instability and turbulence within each authority, it was to leading Members themselves that Chief Officers looked for help in maintaining stability:

"The political side must be right. If we don't have that we don't have anything" (Chief Executive, Authority A).

"The Leader only came in May, he will take a little while to bat himself in. The problem is, we are a Conservative Council with an overwhelming majority and lack an effective opposition. Therefore we have too many Members prepared to follow their own ideas, and the political identification of a common purpose is not really strong enough at the present time ... That will be his main task" (Chief Executive, Authority C).

"I realise any politician worth his salt will say 'Oh, it's dressing up a bourgeois attitude as administrative expediency' and there's a grain of truth in that, but if politics is the art of the possible, the skilful politician is one who may have fire in his belly but realises he'd as well study the organisation rather than charge at it like a bull in a china shop" (Chief Executive, Authority B).

Unity, as above all the present resource shortage has demonstrated, is easier to maintain around a consistent, or at least predictable and anticipated Member input than around politicians who make sudden, conflicting or extreme demands on officers. Thus, just as Member-level disarray would quite easily prompt Chief Officer disunity and instability in turn, a degree of cohesion could have the opposite effect.

"... the authority is not actually run by the Management Team of course, but on the whole, Members take a fairly cohesive view, and they're not trying to pull in opposite directions, which of course enhances the status of the Management Team because the tendency there to do the same thing is correspondingly reduced" (Chief Executive, Authority B).

It may be seen that as their first need of leading Members, therefore, Chief Officers required at least a degree of unity and cohesion in the Member side, because in effect their own fortunes were bound up with whatever happened there.

This allows us to turn now to the second way in which Chief Officers needed leading Members, arising from the very obvious and basic fact that only elected Members could enact the policy and allocations of resources which Chief Officers defined to be desirable. In particular, the theme of individual Chairman/Chief Officer pairings comes to the fore at this point. Thus, when a Chief Officer had definitions of his own which he wished to pursue, however easily persuaded the Chairman himself was, the Chief Officer remained reliant, first, on the former's ability to predict the likely success of the measure in question (the data here is at odds with Rosenberg's finding - 1985: p68 - of a Chief Officer advising his Chairwoman in this respect, although this could very easily be a function of no more than the personalities involved):

"Management-wise, I can tell them the best line, but politically they have to tell me. There's no sense in my pushing things where they say 'You can't do it now'. I can give you umpteen examples where they've said to me 'Not now, in 12 months', and as far as I'm concerned they've always delivered. It's a partnership, and his [Chairman's] bit is being able to judge what will go" (Chief Officer, Authority B).

Leading Members were themselves well aware of this need:

"I allow myself to be used as a sounding board for Chief Officers for ideas they may have. I hate to see Chief Officers wasting their time, so I prefer them to try things out on me, as a good judge of what the Party and Group members will accept" (Leader, Authority B).

Other examples of this role which Chief Officers needed their Chairmen to play to guide them through the conflicts on the Member side, and

the particular significance in this context of Authority B's Leader, will become apparent.

Beyond this, though, the Chief Officer was then reliant on his Chairman's ability to 'deliver' the necessary support for his definitions when the time came. Here, however, because of the respective ideologies observed earlier governing the approaches which had evolved to maintaining officer-side unity in Authorities A and B, the manner in which Chairmen were needed to 'deliver' tended to vary at least in emphasis and so, accordingly, did the manner in which order was negotiated in each resource allocation (and wider political) process. These tendencies in the Chairman/Chief Officer relationships and the negotiated order in each authority are therefore now examined.

Taking Authority A first, we saw earlier that the operation of the 'control' ideology associated with the dominance of the non-service Chief Officer Central Group meant that in negotiating order around the allocation of resources, Chairman/Chief Officer linkages were heavily, if often furtively, used by the latter. On the one hand, the Chief Executive relied on the Leader (his 'Chairman') to underpin the status of the Central Group as the vehicle for his own status and power to enact definitions (as also did other Central Group members who with the exception of the Valuer had no Chairman of their own):

"Obviously I'm constrained by the backing I get. I can run the management - although we [Central Group] could be undermined in that - but when you go public in Committee, that's when you could lose, that's when you also need the backing. When I say lose, I mean having your advice not taken ..." (Chief Executive).

On the other hand, if a service Chief Officer found the enactment of his own definitions of allocations (or anything else) blocked by the

Central Group, alternative avenues within the officer side were generally non-existent, leaving virtually the sole option of lobbying one's own Chairman. The situation was if anything worse than that found by Rosenberg (1982: p25), where officers not on the equivalent of the Central Group in the authority he studied at least had the option of lobbying those who were: in Authority A, the data showed that where the Central Group had firmly set its collective face for or against a proposal, the chances of reversing this were slim.

However, where a Chairman was powerful enough to take on the Leader and Leadership in the Party Group on a specific issue, thereby in effect counteracting the Leader's or Leadership's backing for definitions advanced by the Central Group, then the Chief Officer acquired the power resources to enact his definition over the Central Group itself or its members:

"I find it very difficult to encompass the fact that in the last week in December people know nothing of their immediate needs, and by the second week in January there's suddenly an urgent need come up. People have a quiet word with their Chairman not to bring it up in Committee so as not to alert us. A fortnight later, out it comes, just as we've completed the budget on the standstill lines agreed [ie with the Leader] and the Chairman may be able to stifle any debate on it at all" (Treasurer).

Of course, much as we saw with leading Members' reliance on Chief Officers, being needed like this ensured that the Chairmen in Authority A on whom Chief Officers relied were enabled, as the tacit and sometimes even unconscious 'price' for their support, to offer it strictly on their terms: thus, we saw earlier (p341), for example, that Chairmen in Authority A were notably willing and able to be coercive over the contents of officers' reports to Committees.

Once again, however, the quoting of specific examples should not be

allowed to give the wrong impression. The emphasis was as much on negotiating order and establishing a modus operandi over a period of time - ie, a continuous process rather than a series of 'set piece' incidents - although in this, such incidents could always be used as precedents:

"I was asked to go to the Central Group and present what I felt ought to be the HIPs programme. There were a lot of people who felt it ought to be changed, so I said 'I'll give you a little piece of extra information. What I've given you is what I have discussed with the politicians. I don't know what the Chairman will say, but I've a strong feeling he'll make the odd adjustment and that'll be about it'. They were all uptight about that at the time, but now I just take the HIPs programme up and tell them what we've done" (Chief Housing Officer).

Authority A's Housing Chairman/Chief Officer axis has featured prominently, largely as further proof of the point we are making: the Chairman was a powerful man, thereby enabling the Chief Housing Officer to pursue his definitions with the sanction of his Chairman (who would have imposed his own stamp on these, to be sure) even in the face of Central Group opposition, with a rather greater chance of enacting them than any other service Chief Officer in the authority.

The principle in Authority A of using one's Chairman directly as a power resource in this way also extended to disputes between service Chief Officers, for example where the Chief Housing and Environmental Health Officers clashed over jurisdiction over a housing renovation programme. As the Housing Chairman observed:

"They [the two Chief Officers] have been having a go at each other and of course since I supported [Chief Housing Officer], it brought me into collision with [Public Protection Chairman] who is a very colourful character and has a lot of sway and power in the [Party] Group. We've had our battles ..."

Once again, it was the Chief Housing Officer who was enabled by his Chairman to prevail: in passing it may be gathered that, perhaps arising from the position with the Party Group (and as we shall see from a keen appreciation of his own position) the Chairman apparently expected to become involved on behalf of his Chief Officer.

Finally in Authority A, by this same logic, where a Chairman was weak then the Chief Officer - and that policy area - tended to lose out in the negotiation of order around the allocation of resources. One Chairman lost ground in the Member side of Authority A following the poor performance of his service, compounded by a widespread dislike of the man himself. The Chief Officer was sacked, prompting another, echoing Rosenberg (1985: pp67-80), to remark:

"[Chairman] is so weak politically, [Committee] is an absolute non-runner. In fact at one stage I gather he was following [Chief Officer] on his way. If there's any spare funds available, they just don't go there".

Although the Chairman suffered in part for the performance of his Chief Officer - further illustrating the importance of the latter, noted above, in securing favourable definitions of the Chairman himself in terms of his competence etc - the new Chief Officer found the lowly status of his Chairman sufficient pretext to desert him (albeit at the instigation of the Leadership, which could scarcely be refused) and look for other avenues of influence altogether (cf also Rosenberg, 1982: pl4), in this case through a direct link to the Leader himself and the Central Group. The new officer's status then increased with the success which he was defined to be making of running the department.

We can now summarise the way in which Chief Officers' reliance on

their Chairmen influenced the order negotiated within what we have termed the budgetary elite in Authority A. The key dynamic was one of service Chief Officers attempting to mobilise their Chairmen to advance their definitions for them in the Member side of the authority, where these were blocked or faced substantial alteration by the Central Group, just as the Chief Executive and Central Group in turn relied greatly on the other leading Members and above all the Leader himself to enact their definitions vis-à-vis those of service Chief Officers. Similar principles also then applied in disputes between service Chief Officers. In a very real and obvious sense, therefore, Chief Officers' battles were fought between Members, and the latter in turn appeared to accept and expect this. As a final and very important comment, we are beginning to see how the effect of this configuration was that the initiatives which each Chief Officer advanced were seldom outside the de facto parameters represented by the Chairman's own definitions at the time: otherwise, the support which the Chief Officer needed would not have been gained.

Turning now to Authority B, we have seen that the tactic of mobilising one's Chairman was certainly not absent, and to that extent the fortunes of Chief Officers and their abilities to enact definitions of resource allocations and policy were again directly linked to the status of, and the success of their relationship with, their Chairmen. Thus, we saw earlier (p286) how the Treasurer's influence grew when the Leader became Chairman of the Committee to which he reported, and further examples were also provided by other Chief Officers, both of a successful relationship with the Chairman:

"What I've become aware of in my time is just how dependent the Chief Officer is on his Chairman, and I've been blessed with an excellent one ... I was of course rather pleased that [the film restoration of cuts noted earlier] was not done pro rata but by bids. Certainly, the outcome is an index of the effectiveness of my Chairman. I think he pulled it off because he had been persuaded by me, but the format in which the Policy Group [originally] considered the bids was not the format in which I had submitted ours to the Chief Executive. The effect was to make it harder to follow my proposals. [Chairman] retyped my submission over the weekend before the meeting to make it easier to carry the discussion through. What would have happened in previous years with [name] as Chairman, goodness knows... Once [present Chairman] is briefed he'll take a thing forward and deliver the goods in the Party Group" (Chief Education Officer),

- and of an unsuccessful relationship, illustrated by reference to the same cuts exercise. As another Chief Officer sourly remarked of his Chairman:

"Our relationship is remarkably unstrained. The fact of the matter is, the bloody man's never here. He only comes in when someone is having a go and something's worrying him. I tried to use our links to attenuate the size of what we were going to be asked to knock off, but he never bit".

The former example echoes again the extent to which mutual trust within a Chairman/Chief Officer pairing can be a major power resource, for both actors; the latter echoes Rosenberg's observation (1983: p33) that for all their natural wish to defend their Committee's budget, particularly at a time of resource shortage other pressures could prevent them from 'delivering' for their Chief Officers.

However, we have seen that in Authority B the 'legitimacy' ideology prevalent in the officers' side meant that the Management Team was not necessarily the closed or at least rigidly controlled avenue for Chief Officers to advance their definitions that Authority A's Central Group was shown to be: it was in fact often possible to pursue a particular line into the Member arena through the Management Team, in an attempt



to seek its support. While the data here (where previous examples do not illustrate the argument) is based on observation only, this position allowed Chief Officers in Authority B a choice of 'route' in pursuing their line that was not generally available to their counterparts in Authority A, which meant that their needs of their respective Chairmen differed according to the route they chose. Certainly, as one 'route' it remained necessary (as defined) on occasion to bypass the Management Team by mobilising one's Chairman directly, much as Chief Officers attempted more frequently in Authority A, and an example here was the Chief Education Officer's success, just noted, in mobilising his Chairman to secure a larger than pro-rata restoration of cuts. While the penultimate quote does not show it, the Team had also in fact been shown the 'bids' in the Chief Executive's proposed format, and could have been relied upon to oppose, had they known of it, this unilateral strengthening of the education 'bid'. In such cases as this, it may be seen that if the Chief Officer's definitions were to reach and pass through the Policy and Party Groups, his need in placing his definition in the Member arena was for the direct support and advocacy of his Chairman, as in Authority A, at a level sufficient to resist any attempts by the Chief Executive (through the Leader) or other Chief Officers (through their Chairmen) to intercept them. In such cases the officer-side battle, as in Authority A, was once again fought amongst Members.

As the other, and much more frequently used route in Authority B, though, the ideologically 'looser' approach to achieving unity meant that a Chief Officer could raise an issue for himself in the Management Team, specifically for discussion or in an attempt to win support and legitimacy. This was usually with the Chairman's prior knowledge, although not always so. If the support of the Team was

forthcoming the issue could be taken on again by the Chairman to advance through his Committee and the Policy Group; however, it would also go forward through the the Chief Executive/Leader axis, assuming at least their acquiescence, with the Chief Officer (and his Chairman) thereby gaining potentially the major power resource of the Leader's tacit or explicit sanction when the issue was finally put to the Policy Group. Equally, a similar arrangement appeared to function where a Chief Officer wished to block another's definition, an example here being the opposition, noted on p302, to the ZBB experiment being pursued by Treasury officers. In these cases, Chief Officers' main need of their Chairmen was more for their indirect and background 'presence' rather than their direct intervention (notwithstanding the more direct lobbying which was also speculated to have occurred over the ZBB issue). In this way, Chairmen were used as a reminder or very tacit 'threat' of opposition or an attempt to bypass the Team in the event of a contrary definition being adopted by it. Certainly, the Chief Executive appeared to be sensitive to this possibility (although he would not directly discuss it), and he and the Team were observed to consider the likely reactions on specific issues of even quite minor Chairmen and Committees such as Trading Standards, whereupon it was of course up to the Chief Officer to 'use' his Chairman by defining his reaction for the Team appropriately for whatever he was trying to achieve.

We have seen already that the status of the Management Team was enhanced by the relative cohesion among Authority B's Members. Its role as a 'route' for Chief Officers' definitions which offered the prospect of the Leader's sanction, together with its defined ability noted earlier to legitimise those definitions, further ensured that although its aspirations to control departmental activity were lower

than Authority A's Central Group, its role in channelling that activity was at least as great. Bluntly put, Chief Officers used the Management Team to advance their own ideas because it was worth their while: the role of the "sounding board" which we saw on p361 above that the Leader defined for himself only increased this tendency by allowing the Team to become the forum where the Chief Executive could report authoritatively on what was or was not feasible at that time.

In both routes in Authority B, of course, the likely success of the Chief Officer in advancing his definitions of the situation was dependent, in cases where other Chief Officers opposed him (as could of course easily happen with proposals to allocate resources at a time of resource shortage), as in Authority A on the power which his Chairman was defined to possess. Equally, in both routes, the Chief Officer's definitions were prone to adjustment, deflection or compromise in his dealing with other actors, depending on their own definitions and power resources, with 'policy' or 'resource allocations' in effect representing the negotiated outcome (after due consideration by the Party Group and Council). However, the inherent attractions of the Management Team route, which made it the means most frequently used in advancing definitions into the Member arena, meant that the particular needs of Authority B's Chief Officers of their Chairmen were always more likely to be for indirect and tacit, rather than the direct and 'active' support, which we saw was more likely to be required in Authority A, or at least some combination of the two involving an 'indirect' element. To this extent, while it was for example inconceivable that Authority A's Central Group did not take account of the likely reactions of, in particular, the powerful Housing Chairman, the situation in Authority B was at once more open, with its generally wider levels of discussion in the Team, and

more subtle, with its greater element of Chief Officers' negotiating order through the combination of their own resources and through their Chairmen's anticipated reactions, rather than their direct intervention.

As a final comment on officers' needs in Authority B, the Chairmen themselves appeared content that the Management Team route should exist for as long as the definitions advanced by Chief Officers accorded with their own. This, they usually did, because this route was in no sense a weakening of the Chairman's oversight or of the relationship between them: while it was observed that the Team would discuss how to block or divert a Chairman from a disruptive or unwelcome definition, if the Chief Officer was to advance proposals of his own, he would have been ill-advised to do so without the Chairman's prior approval, given the latter's ability to 'catch up' with those proposals in the Policy Group. The resulting opposition and tension would obviously seriously have embarrassed the Chief Officer, and would have undermined his own ability to enact his definitions subsequently.

The effect of what we have seen here was one of the most important features of the symbiotic arrangement, and serves to summarise the position in Authority B and also in Authority A. While the nature of their dependency in each authority or each route varied, Chief Officers' need for the tacit or active support of their Chairmen ensured that the latter's definitions represented at a given point in time the parameters within which Chief Officers had to be seen to advance their own. In other words, Chief Officers could advance their own definitions of the situation so long as they also, at the same time, accorded sufficiently with their Chairmen's. It is this aspect,

obviously critical to our overall explanation of how the content of resource allocation processes came to be fixed, to which we now turn.

(vi) SYMBIOSIS: PARAMETERS AND DIRECTIONS IN THE NEGOTIATION OF ORDER

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We have now specified the operation of the mechanism which the data from the authorities studied revealed to determine the content of policy and resource allocation. This was the negotiation of order by Chief Officers and leading Members/Chairmen within what was labelled the 'budgetary elite', and in particular within and between individual Chairmen/Chief Officer pairings, where neither 'side' had the necessary power resources to enact their definitions without needing various forms of support from the other. Thus, leading Members needed Chief Officers to advance and pursue their definitions and defend their interests as their 'agents' in the officer side of the authority, without which those Members would not have been able to enact their definitions or maintain their status and 'records of achievement'. Equally, Chief Officers needed Chairmen either for tacit support or open advocacy in the Member side of each authority in securing the enactment of their own definitions.

However, the symbiotic mechanism in each of the authorities studied 'produced' policies and allocations of resources which were different, and which combined differently the definitions of the situation advanced in each by the actors involved. In other words, if what we have seen portrays the operation of the mechanism, we have as yet to

explain the directions it took: we have shown how order was negotiated within the policy and resource allocation processes studied (ie how Danziger's "critical policy style" in each authority was sustained), but as yet we have not shown why it was negotiated in the form that it was, and why the particular patterns observed in terms of policies and allocations of resources actually arose.

Our examination of the data so far has been in terms of two halves - ie, two sets of definitions and dependencies - of what was in fact a circular relationship, while only hinting at how those halves came together. The 'hint', though, was that for all the genuine mutual dependency and for all the fact that Chief Officers so often appeared to 'make the running' (this will be returned to), it was only Members who could actually bring those definitions into being as legitimised policy or resource allocations: to this extent, as Rosenberg, following Self, notes " ... Politicians are the ultimate controllers of political systems" even if " ... one of their chief problems is to demonstrate and maintain the reality of their control" (1983: p22). Consequently, if we are to locate the source and means of direction-setting within the symbiotic mechanism outlined, it is here that we need to look.

Chief Officers had in effect to be defined to be operating within politicians' sanction, and in particular (although not invariably or, necessarily, only) that of their own Chairmen, even if as Laffin & Young (1985: pp48-9) document, exactly what is included in that sanction may be unclear or ambiguous where the Chairman had not made himself fully explicit. In providing the Chief Officer with certain power resources such as political (conventionally defined) support,

the Chairman was in effect rendering those areas 'open' to the Chief Officer, thereby delineating at that time the area within which the latter could operate and advance proposals (cf Rosenberg, 1984: p55), just as the parameters of Party Group or Committee opinion delineated at any one time the areas 'open' to the Chairman himself. As such, the Chairman (or whoever) may be said to have provided his Chief Officer with an 'umbrella' based on his own definitions, protecting that area of operation or range of definitions for the benefit of the Chief Officer and thus, given his own reliance on the Chief Officer for status and effectiveness, for the pair of them.

Although the data revealed only one example (in Authority A where the manager of a trading undertaking moved under the Leader's instruction), it is quite conceivable that a Chief Officer could for practical purposes move under a different umbrella, perhaps even just for part of his overall function. However, whoever was 'holding' the umbrella, its 'size' then represented both the range of definitions and activities (including of course those which the 'umbrella holder' advanced or originated himself) which the Chairman or other 'holder' was willing to sanction, and also the extent to which the 'holder' was able to uphold his sanction in the face of competing pressures from other actors. For his part the Chief Officer not only had to remain 'under' the particular umbrella that sanctioned the activity in question if he was to succeed in enacting his definitions; if he was to fulfil the role for which his Chairman in turn relied on him, he had also to use that umbrella to its full extent even if he did not share some of the Chairman's own definitions of the situation which came within it (cf Laffin & Young: 1980: p47). In effect summarising the concept of umbrellas, therefore, it may be seen that they were at once Chief Officers' major power resources or their major constraint.

One of the clearest examples of the operation of umbrellas in the negotiation of order to emerge from the data was that provided by Authority A's Leader for the Chief Executive. We have seen already that the Chief Executive was a powerful and forceful operator having, for example, visibly subordinated the Treasurer and other Central Group Officers as part of his vehicle for controlling the resources function in Authority A as a whole. The concept of his umbrella now allows us to see how he gained and maintained his pre-eminence. Thus, Authority A's Leader describes the Chief Executive's remit as follows:

"In Ireland, they have Town Managers ... I look on the Chief Executive here as being the sort of managing director whose job it is to ensure departments are running efficiently together ... If he needs major change to get what he's after, he must bring it before the appropriate Committee. His job is complete oversight to ensure [the authority] is properly managed and efficient and meeting needs. He must take initiatives in his own right in an Authority like [this one] because the Committee side has so many inbuilt conflicts, it's very difficult to get ... a straight line to anything. He must be the official who can take that straight line ..."

Many of the conflicts referred to, of course, relate to the Leader's problems noted elsewhere with some of the more independent Committee Chairmen who were also on the Leadership. Clearly, the 'agency' role expectation by leading politicians of their Chief Officers applied markedly here, also.

However, it may also be seen that the umbrella outlined by the Leader would have provided many of the power resources necessary to explain the Chief Executive's pre-eminence in Authority A, something which the latter confirmed for himself in coining the term 'umbrella' which we have used:



"Obviously, I'm constrained by the political backing I get ... I need his [Leader's] backing, as indeed he needs mine ... Our outlooks are very similar, certainly insofar as the way this authority should be managed. I haven't been prevented from running the job in basically the way I want. Now I know there are some people here who would not necessarily want me to do it the way I'm doing it, but no one's done anything about it ... The position of the Leader must make a difference to me, therefore. He can create a higher umbrella or a lower one because of how he stands, and that helps, the umbrella has been created for me. I act in my own right, but [Leader] has created the umbrella which allowed me to do so. I would have found it much more restricted if he was".

Here the two dimensions outlined which define the 'size' of the umbrella may clearly be seen: the range of views which the 'umbrella holder' is willing to allow the Chief Officer to pursue, and the effectiveness of the 'umbrella holder' in maintaining that area for the Chief Officer to act in free from other hindrances.

Significantly, though, another notable example of an umbrella in operation in Authority A was where the Chief Housing Officer was shown to benefit from the very strong and extensive sanction provided by his powerful Chairman, even to the point of counteracting on some issues that provided for the Chief Executive (and Central Group) by the Leader. Certainly, this Housing 'axis' was perhaps the most consistently successful in challenging that between the Leader and Chief Executive, and the clash of umbrellas would in turn go some way to explaining the clashes observed between the two Chief Officers themselves, as they upheld their Chairmen's, and thus their own, interests. A final example in Authority A shows how the Treasurer's umbrella also expanded.

"They've given me authority to deal with leases in the same way as loans ... I asked for delegated powers because of the growth in leases, and they said 'Yes'" (Treasurer, Authority A).

This follows the now common practice arising from the workings of the

1980 capital allocation system of leasing vehicles and plant rather than making capital purchases. Capital spending, subject to detailed approval by the Council, was effectively thereby transformed into a routine revenue activity, giving the Treasurer oversight over a whole 'new' area of resource allocation.

Turning to Authority B, we saw a particularly clear example from the politics of budgetary review of how the Treasurer's umbrella came increasingly to be held by the Leader, and widened in scope thereby, to the point where cuts were eventually sanctioned once the Leader had himself found sufficient support in the Party Group. Equally, though, we saw that this same umbrella did not extend as far as prioritised cuts (for all the Leader's own views on the issue) or to allowing the ZBB experiment to develop as intended. We then had the evidently very large umbrella derived by the Chief Education Officer from his Chairman (see p367 above), strengthened by the very substantial measure of agreement between them which meant that his and the Chairman's own definitions were very often indistinguishable:

"... we know one another's mind, and I don't believe we've disagreed on a single thing since he took office. I don't feel there's any guideline in the sense of something that's made explicit, and we're often hard put to think of who thought of something first" (Chief Education Officer).

Alternatively, we also saw on p367 how Authority B's Chief Housing Officer suffered by comparison from his Chairman's umbrella not extending to allowing him to escape making cuts; equally, the Chief Executive also illustrated how on occasion his umbrella could impose burdens of its own:

"I believe like my colleague in Manchester I may be told to set up a Nuclear Free Zone. I shall of course do it to the best of my ability, but I shan't pretend it will be with 100% enthusiasm."

To repeat therefore, umbrellas may impose their limitations on, as well as offer power resources to, Chief Officers.

As an aside, it may be seen the observational appearance of umbrellas in operation could be misleading. If Chief Officers' proposals are 'pre-filtered' so as to remain 'under' their umbrellas, it should scarcely cause surprise when they are adopted by Members, even though this may give rise to the impression that the latter are no more than 'rubber stamps' for officer ideas. To the unwary external observer, this could correspond, for example, with the most passive of Gyford's three stereotypes of Members' behaviour, namely "policy acceptance" (1976: pl37), when in fact the real position might represent a far more proactive assertion of Members' own definitions than is apparent. Indeed, to the extent that, as we shall see, Chief Officers' definitions came automatically to be framed within the parameters of their Chairmen's umbrellas, this would be an excellent example of Lukes' second and even third "dimensions" of power accruing to Members, as conflicts were in effect prevented from arising or even being defined as such by Chief Officers.

In the context of the order negotiated through what we have labelled 'the politics of resource allocation', and thus of Danziger's "critical policy style", it may then be seen how umbrellas were integral to the 'direction setting' aspect of the mechanism of symbiosis already outlined, as Chief Officers framed ideas within the parameters set thereby:

"Members are very much requiring things feeding up from the officers. We take a feel of the way they are going and the level of activity they want ... and suggest ideas according" (Treasurer, Authority A).

"Because the major policy decisions were taken in [Chairman's] first two years, I've been able to work to them. I know his mind and he generally ratifies what I've done. I've used the manifesto quite a lot as tramlines, but then he submitted it to me for my approval" (Chief Officer, Authority B).

For Chief Officers, the awareness of their umbrellas, and the taking account of leading Members' known views and anticipated reactions was largely a routine activity (cf also Rosenberg, 1983: pp19-20).

Failure to locate proposals and activities within these parameters was, as a simple fact of organisational life, likely to be a waste of time for all concerned:

"You know which way the politicians will go and you know their minds, more or less. You therefore know that certain things, while they may be logical and sensible will upset them. I see that sort of constraint as almost automatic - I mean, if you can't swim, you just don't jump in the water" (Solicitor, Authority A).

"We've been criticised by the staff when we recommended something ... we felt the Council would adopt. In the long run though, there is no point in recommending a course of action if, for various reasons, the Council wouldn't adopt it. Take our environment enhancement programme. We ought to be surveying where they ought to be planting trees, not for now but for forty years on. You couldn't sell that to the public in this area so the Council couldn't and wouldn't do it. There's no point our wasting time on it, the Leadership just isn't interested" (Chief Executive, Authority C).

The extent of leading Members' second or even third "dimension" power in the policy and resource allocation processes studied, in rendering certain definitions simply 'out of court', thereby becomes apparent. To the extent outlined, the internalised role definitions by Chief Officers of exactly which areas were and were not sanctioned tended to prevent definitions from 'outside' their umbrella even being aired in public.

Building further on the theme in the previous quotation, in patterning

the definitions of policy and resource allocations which are admissible at a given time, it may be seen that umbrellas also come to be integral to 'locating' those processes in the outside world, as one means by which, eg, needs, pressure groups, uncertainty or resource shortage are assimilated within them. We have seen how actors would define such features, as any other, in terms of the meanings which they attach to them, so deriving for themselves a prescription of action. Here, as the set of parameters within which each Chief Officer tacitly or actively presented his definitions and actions, a Chairman's umbrella (whether based either on definitions of the outside world held within the Party Group or his Committee which constrained his own freedom to act, or more directly on his own definitions) clearly influenced and channelled the response defined to external pressures. Indeed, although this begs a number of questions about their role which will be returned to, with Chief Officers acting 'under' their umbrellas, constantly and routinely defining and anticipating Members' reactions to whatever they advanced, and with leading Members reacting favourably (as those Chief Officers intended) to initiatives which wittingly or unwittingly they had thereby shaped or even instigated, it may be seen that umbrellas were part of a much wider phenomenon. They reflected and perpetuated what the data showed to be ideological (in the particular sense in which the term is used here: see pp336-7, above) consensi around the issues in question, which channelled and shaped responses to those issues (and also for example responses to legal constraints and 'existing commitments', much as we noted earlier). In so doing, they also entrenched and perpetuated the particular 'view' through which responses were defined, and thereby also the negotiated order which embodied that view.

These consensi are the 'vogues' referred to earlier. We may begin to illustrate what is envisaged by this term with the observations of Authority A's Leader on the ideological predispositions of his authority:

"In every decade there is an objective created politically to do certain things ... Each decade has its way of influencing the way [we] meet what one felt to be the then objectives ... The authority has in the past put a great deal of store on improving sports facilities. Immediately following the war a great deal of energy was put into attacking housing, then the open space shortage. I'm now very keen to improve the street scene. We've plenty of parts looking derelict and my pet subject is improving them".

Thus, the Leader's definitions of what was 'needed' came to influence the activity of the authority by providing a greater relative sanction for resource allocation in the area of conservation, as Authority A's Solicitor independently confirmed:

"Conservation is one thing that occurred to me. 5 or 10 years ago, we did very little ... I think, clearly, politicians of both sides now accept that if there's any possible funds available, that's where they channel them ... You can trace this change of heart to particular changes of Chief Officers, but in particular you've got to say that [the Leader] takes his responsibility for it".

It may be objected that vogues as defined here really reflect no more than actors' definitions of national trends in local activity, and that as a result the mechanisms of symbiosis and 'umbrellas' which we have laid out are not really relevant. Outwardly there was even some evidence for this:

"Sometimes a particularly forceful person has a way of getting things done. It happens in all walks of life and certainly in national government. But at the end of the day the ability you have to do things dominates the way you think. Certainly environmental improvement and things like that are the vogue at present, but ... vogues are determined by fashions in society. Road planning is now much maligned, but it was once in vogue" (Chairman, Authority A).

However, the same respondent then concluded that:

"... personalities do come into it, and I think why certain programme areas are strong or weak can be laid to the forcefulness of individuals".

As with the original brute facts of resource shortage and uncertainty, therefore, external trends and opinions are 'there' to be taken account of but, it may be seen, via the medium of actors defining their roles and responses to them, in this case from within the particular consensus operating at the time.

A comparison of the responses in Authorities A and B to one particular shared problem allows this point to be amplified. Both authorities had responded to the vogue or trend of refurbishing, rather than replacing, their housing stock, while financing the necessary work from capital expenditure. However, it emerged that the responses had widely differing motives and were based on widely differing definitions. In Authority A, the perception was that refurbishment was likely to become the only response permitted by the Government and was therefore accepted as a 'second best' option to rebuilding:

"Up to 10 years ago we were into redevelopment. Then the Labour Government introduced Housing Action Areas, although some of us didn't like them entirely. I still don't but within them was money for the treatment of the environment, so we jumped on the bandwagon. Take [Area] ... Our original plan was to pull large parts down and rebuild but the Government made it clear they would stop us. In the end we decided to restore it because the HAAs gave us the statutory power" (Housing Chairman, Authority A).

In Authority B on the other hand, the perception behind the refurbishment policy was that it was necessary to maintain large parts of the existing housing stock in adequate repair. Rather than a means of making longer term plans for an area as in Authority A, it was a means merely of meeting an immediate maintenance problem:

"We'd gone beyond the pale... to the point where nothing could be done and we had to switch money from new buildings. It's quite simple really. If you're in such shit you can't cope, you've got to not just put right 100 dwellings in one year while the other 3,800 fall apart, you go round the 3,800 doing what is necessary as part of an overall plan ... We capitalised the entire maintenance programme" (Chief Officer, Authority B).

In each authority a given national trend - in this case the view that refurbishing Council housing was preferable to rebuilding - was espoused and promoted by particular actors as the solution to very different problems. (The fact that the examples here relate to capital expenditure should lead us to lose sight of our primary interest in vogues as an influence on revenue expenditure, either in the first instance or as here, through debt charges and other costs as revenue 'knock-ons'.)

However, and this is the reason why they should not, ultimately, be seen as 'brute facts' on a par with resource shortage or uncertainty, the data also supplied evidence that apparently clearly identifiable national trends should not necessarily be hypothesised as having any impact at all on the consensi or ideologies within an authority. As an example, much is made at present of the need for leisure facilities at a time of high unemployment, a view expressed in the manner one might expect by Authority B's Leader:

"We're moving into the leisure age, and we want to be there. There's definitely a leisure vogue",

and set in context by the Chief Executive:

"With the change in the emphasis of the housing strategy [see above] Members turned their attention to social services and new leisure ... I think now, in the lifetime of this Council, they've given an emphasis to arts and leisure, they've been prepared to support new initiatives ... It's clear that social services has grown considerably, and now arts and leisure, although it's still problematic in terms of the pecking order ..."



Accordingly, Authority B had a large and growing Arts and Recreation Department in effect entrusted with the management and furtherance of this vogue. These expectations were not borne out, though, by the position in Authority A, although it too was Labour controlled:

"I've tried to push recreation. I've got the odd sports centre but I can't get a department. There's a view about that here. It's not an area I find I can get developed like other things" (Chief Executive).

A Chairman offered an explanation for this consensus against providing recreation facilities:

"What's happening is, whereas a few years ago all recreation facilities where possible were provided by the local authority, because of financial constraints particularly at the moment more and more private clubs whether rugby, football, cricket or whatever are doing their own thing. One's quite receptive to this".

It might of course be argued that this does no more than reflect the existence of another consensus around the appropriate role of the public sector per se. Whichever though, the extent to which the order negotiated around resource allocation vogues will varyingly reflect national trends, is clear. It is therefore still the negotiating and defining processes themselves which explain the policy and allocations of resources in the authorities studied, rather than any direct causal linkage from the national trends in question.

We can summarise so far by means of a more general comment. It may be seen that Chief Officers could come to owe a substantial portion of their departmental budgets to the present or past application of vogues or ideological consensi channelling solutions defined to particular problems, and resources to particular areas. Much of this arose from the essential discretion with which, as we have seen, local authority actors are invested by the mediating role of their

defining of external factors such as, legal constraints, 'existing commitments', national trends, resource shortage, etc: we are looking here at how that discretion was applied. More generally, while the presence of prolonged vogues was noted earlier (p203) to sit very uneasily with the pluralist underpinnings of incrementalism (in that they appear to negate any operation within a realistic timespan of countervailing power), we may now see how the presence of 'incremental' change - leaving aside any attempt at precise definition - may sometimes be ascribed directly to ideological preferences, that is, over-arching and possibly even sub-consciously held definitions learned by the actors studied of the 'best' approach to issues of change in general:

"At the last Election we won against the national trend and got a larger majority. We think we went forward with a gradualist approach, and not madly with a rush. We weren't saying 'we're going to do so and so overnight', we were saying 'here's where we're going, and it's going to take three years'" (Leader, Authority B).

"You try to make sure that each policy area is doing something to improve. To be able to do that, you require considerably more resources than you are getting in any one year. You've got to have rolling programmes depending on political priorities. From a politician's point of view, it means spreading more thinly over a wide area, and not spending it all in one area" (Chief Officer, Authority A).

"The main structure of [place] so far as the ... Council is concerned is a known set of activities which are slowly improved ... The Labour Group would from time to time have before it proposals to add to or improve those facilities" (Leader, Authority A).

Umbrellas, to conclude, represent the reality of leading Members' control of where and how resources are allocated: in the terms of our remit, to this extent, the responsibility for the 'direction-setting' of the symbiotic mechanism processing definitions of policy and where to allocate resources, is that of leading Members'.

At this point however, we turn to the final level of our examination

of the politics or negotiated order of resource allocation, by returning to the role of Chief Officers. While their own particular umbrellas form the parameters within which they had to be defined (by the 'umbrella holder') to be acting if they were to be successful in having their definitions realised, this is not to deny that if the Members themselves acted in a way that was perceived to warrant it, Chief Officers in both Authorities A and B shrank from voicing their disquiet:

"If I thought it needed it, I'd push something right up to the point where they told me to get lost if necessary, which they would do of course (Treasurer, Authority A).

"I have a pretty good idea of what will go, but even if I don't think it will, I've got to spend time talking to people" (Chief Executive, Authority A).

"Members have got to understand what the hell it is they're doing" (Chief Officer, Authority B).

"I make my own judgements as to what I tell Members, whether they take my advice is up to them. There are times when we know something will conflict with their view and we're likely not to be followed. We don't put things up for the sake of being controversial, but we indicate to them the consequences of some of their actions" (Treasurer, Authority B).

However, the striking feature which these examples have in common is that none of the respondents appeared to have any real hope, in the circumstances where they felt driven to express a view in this way, of actually enacting their definitions. They were beyond the cover of their umbrellas and appeared to realise it: their actions were therefore more in the nature of putting their own views on record.

Clearly, this was a less desirable outcome from Chief Officers' point of view, in that presumably they had failed to prevent or divert the action in question. Much better, surely, to move their umbrellas so that the definition which they were advancing was then sanctioned, 'under' that umbrella, thereby through an exercise of Lukes' 'third

dimension' of power preventing conflict from actually arising. The data revealed that, over a period of time, this is exactly what Chief Officers sought to do. As with leading Members' role in setting umbrellas at a given time, this scope for input of Chief Officers' own definitions (perhaps incorporating their own 'professional' points of view) was also part of each authority's linkage with the outside world. Inter alia, it was presumably on the basis of their definitions of the demands being imposed by external factors such as needs or resource shortage that Chief Officers such as Authority B's Treasurer sought in this way to move their umbrellas to sanction their own viewpoints, in this case the need for a cut in spending.

Chief Officers' key power resource in this negotiation of order was the nature of the umbrellas themselves, which were as we have seen general parameters within which Chief Officers needed to be defined by the 'umbrella holder' to be acting. The definition is all important: as Wildavsky also noted, the result was that:

"It is not so much what administrators do, but how they meet their particular Sub-Committee's or Chairman's expectations that counts" (1979a: p76).

Over time, the lack of exact precision inherent in processes of defining events then opened up two areas of opportunity to Chief Officers. The first was that the parameters representing their umbrellas could gradually change of their own accord, as leading Members defined and assimilated events as these occurred and reacted to them. This meant that opportunities could be presented for astute Chief Officers to insert their own definitions of what was needed. As Jonsson observed:

"Politicians influence the planning process not so much through initiatives and directives as through reactions ... Officers listen - they become Board watchers" (1982: p107).

Authority B's Chief Accountant corroborated this as follows:

"You've got to keep in the back of your mind the political situation. Half the game is, 'How can you sell this to the Members?', 'What do they want?'. They make a statement in a few words that means a lot really, and it's up to you to pick up that comment".

By such means, presenting at opportune moments the 'right' solution to Members, umbrellas could be moved towards the Chief Officer's position: an example of this was where Authority B's Treasurer 'worked on' his Leader until the spending cuts which the former desired were eventually supported, even if the Leader's umbrella did not then extend to preventing a partial restoration of those cuts.

The second means whereby Chief Officers could achieve this relates to the uncertainty and imprecision noted earlier in Chapter 8 surrounding the meaning of 'the status quo'. The data showed that officers would attempt to portray something as the status quo, ie within their umbrellas at that point, when in fact the particular initiative had implications which could be well beyond it:

"You use the phrase 'dangling a carrot' in front of [the Committee]. I think its true to say that you would try in describing any given project to identify those parts of it which are in line with the Committee's existing views or ideology, so that the perceived departure from what they're currently about isn't too radical" (Chief Planning Officer, Authority A).

Thus, we saw in Chapter 2 how this respondent adopted a "camel's nose" tactic of putting apparently unconnected increments to Committees in pursuit of a particular policy, until he judged that the time was right to broach the issue of commitment to the overall objective. At the time he began, his umbrella sanctioned (if that is the right word for something the Chairman was presumably not fully aware of) the increments, but not the overall objective: he was able nonetheless to

move towards the umbrella over time, until the objective was explicitly adopted by the Council.

This opens up a further source of explanation of 'gradual' or 'incremental' (however defined) change, as umbrellas were themselves slowly changed over time. As the Deputy Treasurer in Authority A put it:

"I think there are consensuses [sic], generally, but I think ... there are sort of little legs which grow out of it in some ways. Individual officers come up with an initiative more or less in line with a consensus, but perhaps pushing it slightly".

Wildavsky (1979a: pp108-9) notes a similar manipulation of the status quo to the example above and, indeed, the position here is outwardly similar to the incremental explanation of marginal change in terms of attachment to the status quo which we rejected as necessarily true, but which we were careful not to rule out entirely, earlier in our account (see pp195-6).

These, then, are the two features inherent in the nature of each Chief Officer's umbrella itself which allowed them over time to relocate those umbrellas to sanction at least some of the definitions that they held. The third power resource available to Chief Officers, however, which we have already seen, was leading Members' own reliance upon them for information and advice, which allowed the former a particularly effective means of influence:

"There's a strategy of education so as to influence future policies. You start off by taking political constraints as absolute, but more and more members are wanting another opinion on which to base their own political ones, and in the end of course it does influence them".

One of the clearest examples of the Treasurer's "strategy of

education" was of course his attempts during the course of the research period to gain the necessary backing for expenditure cuts where, as we saw, he was partially successful in 'moving' his umbrella to sanction the definitions he was advancing. Similarly, Authority C's Chief Executive illustrated how his "strategy of education" virtually created the equivalent of the leisure vogue noted earlier in Authority B:

"Take our leisure programme. The constituent authorities didn't have a clear leisure programme because in our area the Parish Councils were taken as the front line leisure authorities, but indoor facilities are far too expensive for them. If there is a need it's got to be the District Council. We started with nothing at all, we had to think of a policy and produce it in such a way that Members would eventually, as a Council, adopt it. Individually they would each have agreed it was right, but collectively, in their background and support it wasn't worth it. But by publishing a draft policy for consultation, interpreting reactions, meeting objections over a period of time, the decision became in the context of 'Well, we've got to have a leisure policy, what is it?' If you'd said at the start, 'We've got to have a leisure policy', the answer would have been 'We can't possibly afford it'".

To summarise now the "direction-setting" aspect of the mechanism which processed definitions of policy and resource allocations, the key was the circularity of the relationship involved. Leading Members' umbrellas formed the parameters within which at any one time Chief Officers thought and acted, but only at that time. Chief Officers were capable with time of moving the parameters within which they operated, just as leading Members were also observed to move those in their respective Party Groups and Committees (see pp315-7), until these embraced and thereby sanctioned their own desired courses of action. Chief Officers would do as they were asked, and this would include actions of which they disapproved, but over the longer term they were able to influence what they were asked to do. Interestingly,

after our use of Jonsson's concept of "organising principles", the picture here was in some respects almost the mirror image of Jonsson's finding that:

"... the bureaucracy will impose its current planning views gently on the political organisation, and things will be run in accordance with this view until the environment or lack of resources sets a limit. Then the political veto will be applied and ideas reorganised" (1982: pp28-29).

Here, Members imposed their views "gently" on Chief Officers, and things ran "in accordance with that view until the environment or lack of resources [was defined by officers to set] a limit". Then officers succeeded in changing that view to some extent and ideas were, to that extent, reorganised.

#### (vi) RESOURCE ALLOCATION AS NEGOTIATED ORDER: CONCLUSIONS

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We have attempted to show both how each authority's "critical policy style" (to apply Danziger's concept to the patterned configuration of definitions of resource allocation in each authority which represented the negotiated order as it applied in this area), came into being and why it took the form in each authority that it did.

The key mechanism in explaining the first part of this was the symbiosis between leading Members and Chief Officers within the budgetary elite, arising out of the fact that neither group could enact its definitions without the other, and that each therefore needed and was prone to having to accommodate the other. At the same time, the direction setting process which explained 'why' the order negotiated in each authority took the form that it did was shown to be traceable to the mechanism of the 'umbrellas' provided principally



by Chairmen for their Chief Officers, consisting of the parameters represented by the former's definitions at any given time, but which, over time, Chief Officers could move to sanction and legitimise their own desired actions. By these means were definitions of trends and events outside the authority assimilated within it; in effect, by this means also the authority located itself in the world outside it. These processes structured the negotiation of order which determined the content of resource allocation in the authorities studied.

Briefly, since we shall expand the theme in the concluding chapter, as we saw with the politics of budgetary review, the relationship of the incremental model of budgeting and policy-making to our conclusions is once again ambivalent: policy and resource allocation may or may not take place in 'incremental' steps, however defined, but the processes we have seen are manifestly wider ranging than those posited by the incremental model of politics. Wildavsky's "fair shares", for example, as with his "guardians v advocates" could adequately capture how order was negotiated in some circumstances but if so, this would once again be a notable conclusion in itself. Further, the role of second and third dimension (Lukes 1974) power processes within the mechanism outlined may be seen clearly, thereby distancing the conception here further from the incremental review of politics and its 'one dimensional' pluralist underpinning. While the negotiated order was capable of reproducing incremental features and outcomes (amongst others), the interactions within it which largely determined the content of resource allocation processes took place along power 'dimensions' which the incremental view of politics would miss altogether.

Again briefly, in making people the critical variables in explaining the patterns of resource allocation noted, it is here that we have the basis of a model which could be applied to other authorities. Concepts of culture, ideology/'vogues', symbiosis, 'umbrellas', power and power resources, may be applied generally, even if the specific circumstances of their application will vary in each case, thereby allowing the possibility of a comparative framework actually grounded in what people do as they negotiate order. This framework is foreshadowed in the conclusions which now follow.

## CHAPTER 10. SUMMARY AND CONCLUSIONS

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### (i) SUMMARY OF MAJOR FINDINGS

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We may now summarise the major themes and findings which emerged from the data. Although these are not always presented below in exactly the same order in which they emerged or were covered in the main body of the text, the arrangement here nevertheless shows the development of the various strands to our overall argument.

#### (i)(a) Turning first to the external circumstances within which the authorities studied were obliged to operate:

- resource shortage was identified as a key "brute fact" with which authorities had to contend following the invalidation of the underlying assumption of an annual increment of growth in resources;
- the margin of feasible change around the budget base in each authority was widening as a result of this invalidation, but 'core' assumptions about the role of and need for services in themselves appeared at that time to have remained intact;
- the widening of the margin of feasible change had been accompanied by a growth in levels of dissensus within the authorities as relationships formed at a time of more plentiful resources came under strain;
- however, responses to resource shortage appeared also to exhibit considerable variations in terms of spending trends, and in timing, which suggested that substantial discretion remained and that resource shortage could not be seen as having a determining impact on the overall pattern of

- resources allocated;
- uncertainty was identified as the second key "brute fact" with which authorities had to contend, but with its impact contingent upon the perceived freedom of choice available to those allocating resources. The key area of discretion for our purposes was that allowed by the "brute fact" of resource shortage;
  - the budget base, reviewed or unreviewed, emerged as a 'holding' response to uncertainty; similarly the accumulation of slack resources, both by so-called 'advocates' and 'guardians', also emerged as a response, in making it matter less what actually transpired;
  - once again, however, there appeared to be no determining impact of uncertainty (it is after all bound up with the idea of discretion), because the actual use of the budget base, and the actual pattern of accumulating slack both varied according to the views of the relevant actors of what was expedient or desirable.

(i)(b) This brings us now to the conclusions which emerge specifically about the adequacy of the constituent elements of what was outlined as the incremental syndrome, in capturing the reality of resource allocation.

1) Incremental conceptions of resource allocation outcomes emerged as analytically useless, and valid only in figure of speech terms, because:

- problems of definition mean that there is no agreed view of what constitutes incremental change and that, even if there was, this would be an external imposition with no guarantee

that it would relate meaningfully to the resource allocation processes in question;

- problems of focus in at least four areas mean that, however defined, the level of incrementalism found will be more a function of the observer than the observed. These four areas are the level of aggregation (eg authority, department, cost centre) at which outcomes are measured; the time interval between measurements; the choice of spending figures (eg budgets or outturn) to be measured; and the definition of expenditure measured. There are no clear answers to any of these choices.

2) The cognitive limits variant of incrementalism emerged as being of similarly questionable usefulness and validity:

- the cognitive limits argument in any event has little to say about how the content of resource allocation processes comes into being and thus why resources are allocated where they are.

On cognitive problems of scale, it emerged that:

- features such as the factoring of tasks and problems through the organisation and through time, which might plausibly have been hypothesised as responses here, could be explained equally well by reference to basic and 'non-cognitive' features of local authority life such as the presence of elected Members and temporally fixed points in the budget process;
- while there must ultimately be a ceiling on human cognitive powers, there is a substantial trade-off between cognitive problems of scale and resources available for tasks such as

reviewing the budget.

The cognitive limits argument in this context is therefore either redundant, mis-specified, or at least faced with variations in its impact which of itself it cannot explain.

On cognitive problems of value decisions, it emerged that:

- features such as line-item budgeting and vertical comparisons between spending figures, which might plausibly have been hypothesised as responses to cognitive problems in this area, could also be explained equally well by reference to 'non-cognitive' aspects of local authority life; thus:
- a line-item budget need not imply a line-item budget process (which of itself argues against any hypothesised cognitive role), but may more usefully be seen as but one part of the overall finance function in local authorities which may also involve programme-oriented budgeting and analysis;
- vertical comparisons may well be common, but horizontal ones are not precluded, albeit still employing the budget figures themselves, reified as service or output indicators;

Once again, therefore, the cognitive limits argument is in this context either redundant in the presence of other more obvious explanations, or left with explaining why the cognitive constraints it posits may in fact be negotiated.

On the budget base, seen here as a response which might plausibly have been hypothesised to cognitive problems both of scale and value decisions, it emerged that:

- some areas of the base (such as debt charges) are routinely

rather easier to review to a greater depth than others, and that in a cognitive context 'the base' cannot be seen in blanket or uniform terms;

- the relative lack of review in some areas was explicable in 'political' rather than 'cognitive' terms;
- the standard 'incremental' roll-forward process appeared to demand the detailed levels of application and 'local knowledge' of the budget base which the cognitive limits argument claimed would either be avoided or are impossible;
- the budget base is unlikely to be reviewed as a whole, from a single unified source of review, because of the multiple and overlapping links of account within local authorities.

It was therefore concluded, again, that the cognitive limits argument was either redundant, or flawed in its own terms where it appeared to be mis-specified to the point of factual inaccuracy. (We had of course already seen that a budget base, reviewed or unreviewed, may be employed as a 'holding' response to uncertainty). Summarising the overall themes to emerge from our examination of the cognitive limits argument, the impact of cognitive constraints - such as they were - on resource allocation processes emerged as variable rather than uniform, while offering no clue as to why this should be so. Cognitive constraints therefore cannot be said in any meaningful sense to explain those processes.

3) Turning now to the political strand of incrementalism, it was concluded, partially on the basis of what had emerged in examining the cognitive limits argument, but also partially anticipating data to be presented, that:

- there is no a priori reason why 'political feasibility' should produce either incremental changes from the status quo, or a budget base as a given proportion of a budget which leaves only an incremental margin of change around it;
- the pluralist conception of politics as bargaining, which underpins incrementalism, often cannot be sustained;
- the "one dimensional" concept of power underpinning pluralism and incrementalism would need to be revised away from an a priori specification of countervailing power, and to accommodate second and third dimension power processes.

In effect, the various features of political incrementalism were rejected as necessarily applicable, while allowing that they may be reproduced in the course of politics in the resource allocation process. In concluding this section of the argument, however, Wildavsky's view was endorsed that 'politics' is in one sense a response to the cognitive demands of making value decisions in permitting 'an answer' to be formed where none, or several, were readily available. This was demonstrated by further reference to the 'guardians v advocates' model, but at the expense of further discrediting the incremental role stereotypes of Treasury 'guardians' and departmental 'advocates'.

Turning then to the politics of budgetary review, it emerged that:

- legal obligations and 'existing commitments' are not as immutable, and the 'politics of the status quo' is therefore not as irrelevant, as the incremental 'fixed budget' argument would claim;
- 'the status quo', in the shape of these legal obligations and existing commitments is not something external and



objective, but is defined in ways which are conditioned at least in part by perceptions of available resources - hence the significance of the politics of the status quo at a time when these perceptions may be undergoing a revision;

- a budget base would itself in fact be a function of the negotiated order of definitions of the situation held by those allocating resources in each authority;
- developing this finding, the level of and specific approaches to review in each authority may also be seen as expressions of the negotiated order in each: these idiosyncratic patterns were labelled as each authority's "critical reviewing style".

It was implicit that the negotiated critical reviewing style in each authority might reproduce 'incremental' patterns of review, but there was no a priori reason why order should be negotiated in this way, and much evidence that it would not necessarily be so. In any event, the incremental model of politics could not have embraced many of the processes which were observed to be involved in negotiating and perpetuating these critical reviewing styles.

From the politics of resource allocation it emerged that:

- Danziger's original notion of each authority's "critical policy style" may also be seen as an expression of the negotiated order around the allocation of resources in each;
- once again, the order negotiated may take an outwardly incremental form, for example where there is an ideological preference for gradualism, but again there is no a priori reason why it should;

- the presence of prolonged 'vogues' or ideological consensus tended to undermine the applicability of the notion of countervailing power; equally, as indeed with the politics of budgetary review, with a symbiotic mechanism whereby officers and Members often unconsciously formed definitions of the situation within parameters defined and manipulated by each other, the need to employ second and third dimension concepts of power in analysing the position was plainly apparent.

For these reasons, it was concluded once again that while the negotiation of order could readily reproduce apparently incremental features of resource allocations, it need not necessarily do so, and that the processes involved were a great deal more subtle and often less explicit than the incremental mechanism itself would have allowed.

(i)(c) Turning now to the political 'model' which was outlined in the course of our examination of incrementalism and responses to the brute fact of resource shortage and uncertainty, its constituent elements may be presented as follows:

- individual actors form definitions of the situation in which they find themselves, both vis-à-vis 'non-interactive' features of each situation, and in interacting with each other: these definitions contain both a perceptive element, and a prescriptive element in terms of what the actor's response should be;
- in these processes of defining, individual actors construct for themselves, over time, roles, as their 'stock' of learnt

or remembered definitions relating to their place and purposes in the world, and aspects of which they then apply to what they perceive going on around them, in order to define their response. Roles therefore provide an important thread of consistency and recurrence in an essentially fluid overall picture;

- politics was then defined as the processes whereby individuals interact, in any and every context, in pursuit of their definitions of the situation: politics serves, in effect, to combine definitions in some way, often as a compromise between the views on offer, as a basis on which action may proceed;
- in political interactions, the key feature is the power of each actor, defined as his ability to have his definitions of the situation enacted. This in turn will depend upon the power resources which the actor is further able to create or deploy in his own support;
- anything may be a power resource in a given context, but the critical factor is whether it is used as such: however, certain features of local authority life routinely emerged as at least consistently available to resource allocation actors to use as power resources (see below), which provided a further thread of continuity and cohesion in the overall picture;
- indeed, particular patterns and orderings of interactions and definitions emerged in each authority around, for example, the budget base, reviewing activity or allocating resources, which were sustained and modified over time: these were what was characterised as the negotiated order in each authority;

- still further threads of consistency and continuity emerged with the underlying and frequently unconsciously learnt or socialised cultural perspectives and definitions which tended to 'inform' actors' approaches to their roles and the negotiation of order. Examples here were the "organising principles" in each side of the authority; the key cultural influence, however, had before and during the research been called into question: this was the underlying assumption of an annual increment of growth in resources;
- on the same theme, a number of ideologies were identified, as sets of definitions guiding and filtering responses defined to particular problems, but more 'immediately' than cultural definitions. Examples were the ideological predispositions in each authority to maintaining officer-side unity or prompting Member-side conflict, and the ideological predispositions noted briefly to gradual change, that could presumably 'explain' incremental outcomes in their own right; equally, we had the ideologically-based vogues or consensi which tended to channel resource allocation and responses to external problems. Once again, therefore, the influence on the negotiated order may be seen.

However, while this outlines the more general concepts within the political 'model', the following specific aspects were observed, most explicitly in the context of allocating resources but also guiding budgetary review:

- in the negotiation of order it emerged that while Chief Officers and Members had power resources of their own which they sought to deploy, these tended to be used in ways which

'conditioned' or even cancelled out those available to the other: accordingly, within what were the key pairings between Chief Officers and their Chairmen, each was in effect the other's major power resource, because neither could expect to be able to enact their definitions without the tacit or active assistance of the other;

- within this symbiosis, a key concept was the 'umbrella', or manoeuvring space, which each Chairman was willing or able to maintain for 'his' Chief Officer, and which in effect determined the area where the Chief Officer could expect to be able to advance his (and the Chairman's) definitions. The umbrella was delineated, in effect, by those of his own definitions which the Chairman was willing or able to enforce, and thus represented the reality and extent of each Chairman's influence on the negotiation of order;
- at the same time, however, it emerged that Chief Officers were often able to 'move' their Chairmen's views, and thus the umbrellas which the latter provided, over time until they sanctioned the definitions which the Chief Officer desired to advance.

This circular mechanism of 'definitions within definitions', with its second and third dimension power processes, proved within the cultural and ideological parameters outlined above to be integral to negotiating order around the allocation of resources. Also, as exemplified by the ZBB experiment in Authority B, it was of more general impact in the politics of budgetary review.

We are now close to the point where, having set out fairly baldly our conclusions on incrementalism, we may begin to extract the features of it and our model which it is argued will prove of significance in an

analysis of the 'rational' pole of the incremental/rational dichotomy. However, we need first to set out briefly our conclusions about the normative strand of incrementalism identified in Chapter 1. Although these conclusions were not made explicit in the text, the threads which were nevertheless present may now be pulled together in a manner which helps our approach to the the rational pole.

(ii) NORMATIVE INCREMENTALISM

To recall, briefly, the normative arguments in favour of incrementalism as set out on pp5-6 above, these were:

- a claim that incrementalism produces 'better' decisions which, being relatively small changes from the status quo, can be reversed if necessary and which may in any case maximise the points of view represented;
- a claim that incrementalism is politically astute in maximising support and legitimacy and avoiding foci for opposition ;
- a claim that incremental processes are inherently fair or even democratic.

Taking these, for ease of coverage, in the reverse order we have seen that the fairness argument is linked in effect to the operation of countervailing power, but that there is no necessary reason why this should actually obtain. Indeed, there was a good deal of evidence from within even the small study here (for example, the ideological consensi or vogues outlined) that it may well not apply within any meaningful timespan. Correspondingly, incrementalism's claim to the

fairness which would have arisen from the 'self-balancing' effect of countervailing power, is to that extent undermined: some interests may not, in fact, be countervailed. Further, though, if this argument is developed to apply to the budget base, used by incremental writers such as Wildavsky as a collection of precedents which are not normally reversed (and thus countervailed), it may be seen that the incremental claim to fairness is flawed in its own terms: by its own stipulation of the budget base, the processes working to 'balance' outcomes and produce that fairness are hindered from operating, or may at least only redress imbalances in marginal stages.

However, we also saw that the claim to fairness rested upon the ease of access to the political system. Given interests within the political system could be countervailed by others gaining access from outside it, to oppose them. However, leaving aside the work of, eg, Lukes, in refuting this claim, we saw for example from Authority A in particular that back-bench Members, while included within the formal political system, were effectively and consistently excluded from the parts of it which had any real influence over what transpired. Of course, they could have demanded a greater say - but they virtually never made that demand: because of their formal and visible status as legitimators, great care was taken by each Leadership to mould and subvert the definitions of back-bench Members through what were, in effect, second and third dimension power processes, in order to maintain their own pre-eminence.

In conclusion, therefore, the 'fairness' or 'democracy' argument in favour of incrementalism, and the pluralist premises on which it is based, cannot necessarily be upheld and are contradictory in their own terms. Incremental processes may be 'fair' where it takes only a

marginal adjustment to restore a given balance, but equally they may not, and where more than a marginal adjustment is required then incremental processes would be prevented by the budget base from allowing this.

Turning now to the claim of political astuteness, much will again depend on the concept of countervailing power. If an actor can see that he has a chance 'in the long run' of enacting his definitions then, the argument runs, he may be more inclined to accept the status quo at the present. It was exactly this type of process which underlay the ability of an annual increment of growth in resources to 'buy' relative harmony and cohesion, with the promise that 'there was always next year'. This assumption has now of course been invalidated, as we saw with the consequent increase in dissensus: however, many of the changes around which this dissensus arose were themselves only marginal, which begins to argue against any necessary link between incremental change and political harmony. Indeed, leaving aside the issue of actual cuts, we saw that even a standstill budget could place strains on relationships in each resource allocation process. Further, though, the logic of our argument was then that if resource shortage became severe enough, less marginal change would result, but equally, if discretion arising from perceived uncertainty fell as it was increasingly defined that there was no real choice of response available, it would be plausible also to expect dissensus then to fall, perhaps in the manner of Jonsson's "push effect" (1982: p41), in response to the crisis.

To this extent, therefore, the size of a given change is not an infallible indication of the level of opposition it will incur. The astuteness, or otherwise, of an increment of change depends less on



the fact that it is an increment then on what it is an increment of. It may be seen as "the thin end of the wedge" and incur opposition on that account; equally, given that a crisis may make it easier under the 'push effect' to enact larger changes from the status quo, incremental changes in such circumstances may represent a wasted opportunity. Certainly, we saw in Chapter 2 how "camel's nose" strategies may indeed represent a triumph of hidden, incremental and in the example there very astute change, but we cannot conclude that there is any necessary reason why this should be so: the reaction to an increment depends essentially on how it is defined, and that is not a factor which the incremental argument is able to address. Finally on this theme, we should not confuse an argument for the political astuteness of incremental change for its own sake, with a situation where incremental change may be all that is possible. While the latter is certainly 'astute' in the sense of 'recognising reality', this is of course much less of an argument for the merits of such change, because its virtue is born purely of necessity.

Similarly doubting conclusions then apply to the astuteness or otherwise of maximising involvement in the taking of decisions. We saw for example that Authority B's Management Team, with its ideology of legitimacy, performed its allotted management function relatively well, which suggests that the argument might be defensible. However, it is less clear cut whether it performed its function that much better than the restricted configuration in Authority A. Both could be bypassed, and the Management Team in Authority B was undoubtedly less suitable for decisive action (eg Brunsson, 1982: p37). The issue then revolves, in effect, around whether legitimacy is seen as an end in itself. If it is not, and if one has the alternative power resources 'to live without' any definitions of legitimacy held by

those with whom one must interact, then it may be seen that the wider involvement simply becomes a hindrance. Once again, therefore, the astuteness of decision-making by partisan mutual adjustment which maximises participation cannot be assumed to be self-evident: it may be a sensible strategy in the circumstances in which order is negotiated; equally, it may not.

This brings us now to the claim that 'incremental' decisions are, for the variety of reasons outlined, 'better', as decisions, than non-incremental ones. One component of this argument, the issue of reversibility, has already been dismissed. First, there is again a conflict here with other incremental concepts such as the budget base, defined as a collection of priorities and precedents which, it is claimed, do not tend to be reversed. Second, it was pointed out that many incremental changes which can be conceived of - the example quoted by Gershuny (1981: p198) was of an extra mile of motorway - would not in fact be reversible. Third, reversibility again implies the operation of countervailing power, which as we have seen cannot be relied upon. In general terms, therefore, although the cuts in Authority B were observed to be partially reversed, the argument itself is one which sits uneasily with the rest of the incremental syndrome, and which once again need not necessarily apply.

There is as we saw in Chapter 1 an element of this argument in favour of incrementalism that comes close to being a 'prejudice' in favour of the status quo and only marginal changes from it. However, while we shall refuse to join the argument in these terms, the necessary efficacy of gradual change for its own sake is certainly something which may be commented upon. Authority C's Chief Executive supplied an example of an opportunity foregone when, following a fire at the

council offices, the possibility arose of including a sports hall as these were rebuilt:

"It was worked out as a comprehensive scheme, albeit it could be done in phases. We got tenders for the sports hall and offices which totalled £2m. The council weren't prepared to spend the money, to be identified as spending more than a million [pounds], so they admitted we had to build new offices but went for a package deal where you buy a design and the company adapts it for your site ... We got the tender within what they wanted to pay, but only by cutting out all the things that were going to serve the future stages. We got the offices, but unfortunately within a few months it became clear we would need the sports hall because local efforts to provide one separately failed, so we're back with [the original] scheme, but without the benefit of having it designed as a whole. The whole thing is a lot worse for it and a lot worse value for money ..."

Clearly, the effects of the unintendedly incremental build-up to the overall objective were in this case not at all beneficial. While this may not always be the case, we should once again be aware of a priori or 'blanket' claims that any given size of change is 'best'.

Extending the argument, a number of writers have stressed that gradual change may simply be inappropriate in the face of rapidly changing external circumstances (eg Gershuny, 1981: p197). Further, effectively combining aspects of this with the argument of astuteness, Self (1975: p117) argues strongly that even if dispersed decision-making does allow wider involvement, thus prompting the gradual change at issue here, decisions ought to be related to the scope of the problem in a way which, in his example, Lindblom's "partisan mutual adjustment" would never achieve. To this extent, Self argues, even an indifferent 'synoptic' viewpoint may be preferable to a series of partial judgements resulting in gradual steps towards a decision which ought really to be taken as a whole.

This of course begins to hint at the potential of the rational pole of

the dichotomy. However, before moving on to examine this issue as the final conclusion of the thesis, we might usefully pull together the lessons which may be derived from our rejection of normative incrementalism:

- the data (and many other writers) has shown that there can be no pre-supposition of 'balance', 'fairness' or even 'democracy' as a characteristic inhering in political interactions: second and third dimension power processes may ensure that views remain unheard and issues remain unadvanced, and concentrations of power may simply prevent countervailing power, even in Lukes' 'first' dimension, from taking place;
- there ought, prudently, to be no a priori assumption of what is or is not politically astute, least of all that this inheres in a given size of change: opposition may focus on the size of change, but it may equally well focus on its content and what this is defined to imply. Similarly, maximising involvement in decisions may or may not be politically astute, depending on whose definitions of legitimacy one needs to secure, and whose opinions one needs to seek;
- incremental decisions are, simply, not necessarily better, and may in the wrong circumstances be positively harmful.

As a summary, it may be seen that the claims of incrementalism outlined in Chapter 1 to rationality - that is, to being the 'best' means available of realising desired states of affairs - would at least imply that 'the best available' (ie incrementalism) is not particularly 'good' in all circumstances. However, we already have substantial evidence that incrementalism itself is not a necessary condition and that its claim to rationality therefore falls. We now confirm this position with a look at the prospects for 'rational' techniques.

### (iii) THE 'RATIONAL' POLE

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#### (iii)(a) Introduction

In this final section of the thesis we conclude with an introduction: we outline how the various elements of local authority life and the political 'model' which emerged from the data may be applied in the analysis of 'rational' configurations and techniques. It is hoped that in outlining some key issues which emerged from our examination of incrementalism, ideas will be offered which may prove useful in studying how those techniques are likely to be operated in local authorities (or anywhere else), their actual impact, and their chances of achieving what was intended for them. The incremental/rational dichotomy, as we saw in Chapter 1, implies in principle a choice of approach open to those allocating resources: to what extent is this choice real or illusory?

Referring back to the rational choice archetype set out in Chapter 1, the term 'rationality' is used here to cover that set of activities in each of the authorities studied which had the intended or unintended effect of moving their policy and resource allocation processes towards that archetype. This is a very wide definition, because it is designed to cover everything that represents a move away from the incremental pole of the incremental/rational dichotomy. This has the effect of blurring the distinction between features of the rational syndrome, notably in this context that between corporate management and corporate planning, although the conclusions which will emerge apply equally to both. It also has the effect of merging aspects of both poles, for example where attempts were made to increase the level of review in the budget base and thus increase the range of resource

allocation options, much as we have already seen. This, though, is a key part of our general argument: particularly through the medium of bounded rationality, as we saw in Chapter 1 the two syndromes do, in fact, shade into one another relatively easily.

On this note, however, we now turn briefly to the data, to outline the relationship of 'rationality' as defined to incrementalism and to the 'political model' of resource allocation which we have constructed.

#### (iii)(b) 'Rationality' in Authorities A and B

In Authority A, corporate approaches as outlined above included the inter-disciplinary teams which we saw on p323 under the impetus of the Chief Executive to have replaced, largely, the influence of the 'departmentalist' Management Team. These were very much within the ethos or ideology of anti-departmentalism and integrated approaches to identifying and meeting needs in an area (and which we saw the Management Team itself was incapable of realising) as highlighted by, eg, Haynes (1981: p38). Further, also within this ethos, but more inclined to an emphasis on management rather than planning, there was the effectively corporately-constituted finance function (eg Norton & Wedgewood-Oppenheim, 1981: p56). If incrementalism is taken, as Alexander (1980: p77) takes it, as specifically aligned in the local government context with departmentalism, then these measures and their guiding ideology are specifically anti-incremental as well (cf also Dearlove, 1979: p144). Turning to Authority B, there was of course the full 'Bains-type' Management Team, but also a series of strategy groups for each service; a well developed O&M function; performance

review activities; and the attempts to widen the range of resource allocation options available through reducing the level of incrementalism and increasing the level of review by means of, eg, ZBB. Authority B's corporate approach was outwardly the stronger of the two, in that in the strategy groups in particular there was a more clearly identifiable planning, as opposed to managerial emphasis. In both authorities, there was of course a parallel integrative function exercised in the Member side, in Authority A by the Group Executive and by the Policy and Resources Committee which served as the Leader's own vehicle; and by the single party, but joint officer/Member Policy Group in Authority B.

However, we have seen in both authorities instances of profoundly incremental and non-corporate or non-rational behaviour, for example in the very strong departmental emphasis which persisted in parts of Authority A, and in the negative reaction to the ZBB experiment in Authority B. Further, Authority B's planning-oriented strategy groups were not without their critics. As the Chief Accountant observed at the Leisure Strategy Group:

"To the detail we've done this, it's ridiculous. You're continually updating things. I find that a lot of what we've done there is now an embarrassment, really, because suddenly Members have got all these things they want to do and there's no way they can do them. It'll take years. Why keep bringing it all up and then, 'No we can't do it' and out it goes ... In the end any programme of that magnitude just breaks down".

To this extent, therefore, we have evidence to support the fairly common conclusion (and on fairly familiar grounds) that corporate structures may well hide non-rational or even incremental processes (eg Haynes, 1980: p95; Greenwood, 1983: p163) or outcomes. However, the data also offered evidence of the reverse trend, that a level of

rationality could exist, even if hidden, in a manner that belied any formal incremental structural features. Thus, we saw in Authority A how programmes of activity with their own explicit objectives may be deliberately hidden within a Committee structure or a line-item budget, and 'split up' to be fed through the Member side of the authority, then to be 're-assembled' as what were in fact coherent sets of resource allocations but which happen to have been sanctioned by a variety of Committees. The best example of this to emerge was cited on pp42-3 above, prompting the question at the time, "When is a programme not a programme?" but there were others. Incremental structures may therefore hide 'rational' or corporate processes just as rational structures may hide 'incremental' ones: much as we saw with aspects of incrementalism, the level of rationality found is likely to depend on where and how one looks.

Having established this initial similarity with incrementalism, we may pursue the comparison of rational techniques with it further. First, rational techniques would of course have to contend, just like incrementalism, with the twin brute facts of resource shortage and uncertainty, to which they may be defined to form a more satisfactory response than incrementalism (eg Greenwood et al, 1980a: passim), given the need for a thorough-going appraisal of existing activities, or a less satisfactory one given also the defined need for non-'rational' features such as the accumulation of 'slack' resources or the use of the budget base as a 'holding' position. Either way, however, we may speculate, unremarkably, that the success or failure defined for 'rational' techniques will depend in part on the extent to which they are in turn defined at least to accommodate, and possibly actively to ameliorate the influences of resource shortage and uncertainty. Strategy groups in Authority B, for example, were



seen above to have been defined by some to have failed this test; similarly, Authority B's Leader eventually came to conclude that a proposed five-year rolling planning process should not be implemented:

"I read my Members and I think I read them correctly, that they believe in the present situation that's a waste of time, that we can't really be looking five years ahead because we haven't got the slightest idea what might happen and therefore we just plan from day to day or year to year as it were".

Second, having established the universal applicability of the concepts of politics, power and power resources, there seems to be little to stipulate that they should not apply here also, in negotiating a 'corporate' ordering of definitions of the situation as opposed to an incremental one. As Norton & Wedgewood-Oppenheim confirm,

"The progress made in introducing corporate planning and the particular aspects adopted are ultimately the outcomes of a struggle among individuals and groups with opposing ideologies and interests. The outcome depends upon the exercise of power by those involved" (1981: p66).

The level of 'corporateness' in the authorities studied, and the degree to which their processes were 'rational' in the corporate sense were a function, in exactly the same way as the level of incrementalism was a function, of the negotiated order in each - and this, of course, was governed by a 'rationality' all of its own (eg Rosenberg 1983: p12, Jonsson, 1982: pp28-9), which may or may not enhance the pursuit of 'corporate' rationality. It follows that if the predominantly organisational level prescriptions of the rational syndrome are to achieve anything at all, they must be injected into the negotiation of order by those individuals and groups who define them as desirable, in a manner and form which can either be imposed on the other individuals and groups around them, or which they are willing and able to accept.

Third, if this 'sets the scene' for the implementation or otherwise of 'corporate' or 'rational' configurations in similar terms to those applying to incrementalism, it was also of course precisely the same features, trends and configurations of actors which were significant in the negotiation of order around this issue as in the negotiation processes which we have already observed, because both were part of the same overall activity. As before, certain power resources from the infinite possible range were observed to be consistently at least available to those seeking to raise the level of 'rationality', to attempt to use in pursuing their definitions as they could. One such was the 'umbrella' provided from within the Member side of the authority, primarily by the Leader for the Chief Executive as the principal corporately interested officer (especially in Authority A); on the other hand, an example of where such an umbrella did not extend to 'cover' an exercise pursuing a greater level of 'rationality' was Authority B's ZBB experiment. Another potential power resource, in some respects, was the brute fact of resource shortage itself (cf Rosenberg 1983: p29 and others) which was available as a pretext for corporate initiatives (as distinct from prompting them, although the two could co-exist):

"It's a power game. It's most distasteful and a great shame, but that's why you need a war. You need some outside force that's bigger than you all ... That's one advantage of the present situation. It's something that's bigger than you that you have to fight and pull together to achieve things which would not otherwise be achieved. I have certainly used that situation and use it all the time"  
(Chief Executive, Authority A).

Conversely, of course, in other respects resource shortage was not an unmitigated benefit in pursuing greater levels of corporate rationality: we have seen, for example, the greater levels of dissensus which it also prompted and which would have worked against

any corporate unity and integration (eg Rosenberg 1983: p40). As in the negotiation processes already examined, therefore, the precise impact of a given feature as a power resource depended wholly on the use to which actors were able to turn it.

Fourth, also as we saw before, corporate or 'rational' initiatives would have had to accommodate or even use the various ideological parameters within which order was negotiated. The integrative role of such initiatives had clear affinities with the ideological "organising principle" of unity observed on the officer side of each authority (Jonsson, 1982: p28), although departmental opposition to them serves also to emphasise the caveats entered earlier about the "organising principle" of unity itself. Perhaps more difficult, however, is a reconciliation with the ideological "organising principle" of conflict in the Member side of each authority. Skelcher (1979: p36) notes, for example, how in Broxtow DC corporately generated "position statements" were rejected by Members because they did not wish to be tied so explicitly to those positions. Further, we saw how the powerful and independent Housing Chairman was able on occasion to act against the rest of the Leadership, and in so doing induce similar actions by the Director of Housing within the officer side of the authority. As the Chief Executive remarked in this context, "the political side must be right. If we don't have that we don't have anything" (see also p360, above). However, even the ideology of conflict, or at least some of its manifestations could be harnessed to promoting greater levels of 'rationality':

"We still have the thing where the Chairman of Education or whatever becomes 'Mr Education' in the borough, and if you like it's his service, not the borough's ... The Chairman of the Group was probably the most hardened, dyed-in-the-wool anti-performance review, O&M, strategy group-ist there is, but he is my best friend and he will allow me to overcome his better judgement. I made him Chair of the ... Committee which has got Management Services under its control, and O&M and all that, which he doesn't believe in, but he's being won over. When I said about 'Mr Education', it was him I had in mind, because he really was when he used to be on [Education Committee], so I knew whatever job I put him on he'd take it, and now he'll be the greatest defender of O&M there is, because it's his Committee. He thinks corporate management is a load of rubbish, but he'll defend it and not see any inconsistency in that" (Leader, Authority B).

In the context of a service Committee, this Chairman's attitude would have been a positive hindrance to achieving a greater level of 'rationality'; when transplanted, though, the same attitude was transformed into a major power resource in enacting definitions that greater levels of 'rationality' were desirable.

A similarly two-edged conclusion emerged about a further area of critical importance in the negotiation of order which we have already examined, namely the interactions between Chairmen and Chief Officers, as the primary interface between the "organising principles" of unity and conflict. Rosenberg (eg 1983: p24) shows how Chairmen-Chief Officer pairings can be a key delimiter in the corporate unity of purpose which it is possible to achieve, and as the housing axis in Authority A shows clearly, the influence of these pairings can indeed be damaging to corporate aspirations. However it was not necessarily the case that their influence was destructive of these aspirations. It was, for example, a similar pairing between the Leader and Chief Executive (and to a lesser extent the Central Group as a whole) on which such corporate unity as was achieved in Authority A actually rested. Here we see once again how important is the Member "umbrella"

for the prospects of corporate or 'rational' initiatives. As a corollary, of course, it was this same relationship which we saw underpinned the Leader's own general control (the incursions of the Housing Chairman apart) of the conflicts among Members in the authority.

These, then, were in outline some of the key features in the negotiation of order around attempts to increase the level of corporateness or 'rationality' in the authorities studied - exactly the same key features as we saw in the negotiation processes studied earlier. Further, much as we saw earlier, the particular order negotiated in each authority had its own unique characteristics and configurations of techniques and ways and extents to which they were operated as intended. The data suggested, therefore, that this aspect of the negotiated order could be conceived of as the authority's "critical corporate style", in the manner of the "critical reviewing style" and Danziger's "critical policy style" which emerged earlier. Of course, the styles overlapped in terms of embracing common events or trends, but this underlines the key conclusion, and the proposed resolution of the incremental/rational dichotomy: the level of incrementalism and the level of corporateness or 'rationality' found were both functions or artifacts of the negotiation of order in each authority.

### (iii)(c) Conclusion: the Incremental/Rational Dichotomy

Building on the ideas tentatively just sketched, some implications for the incremental/rational dichotomy itself may be outlined. The first point is that the opposition outlined in Chapter 1 between

incrementalism as a set of individual level constructs, and the rational pole as a set of organisational level ones, collapses. Insofar as they occur, both may be viewed in the approach set out here as a function of negotiation processes which are rooted essentially at the individual level. That 'rational' techniques may be specified at the organisational level should not blind us to the fact that they will have to originate in and be perpetuated by the interactions of the individuals who are to enact them, and who will therefore determine what impact they are to have.

The second point concerns the contrasting stances also noted in Chapter 1 of incrementalism as a series of purported factual statements about the 'reality' of budgeting and resource allocation, and the rational pole of the dichotomy as a series of aspirations for what it should comprise. Leaving aside the normative attempts by incrementalists to erect a virtue out of alleged necessity which have already been dismissed, in the dichotomy 'what is' opposes 'what might be'. The resolution which emerged from the data, however, was that while greater levels of rationality were aspired to, in some areas progress had already been or was being made. Equally, incrementalism, even in its political guise, was shown not necessarily to obtain; movement away from the incremental and towards the 'rational' pole was shown to be possible and even worthwhile inasmuch as, say, the level of review and thus the range of options available were increased thereby. Least of all should cognitive constraints be posited as an identifiable influence on the level of rationality achieved, although it is repeated that there must presumably be a limit at some point to human cognitive capacities.

The third point then concerns the term 'rationality' itself. We have

seen already in section (ii) above that the claims of incrementalism to rationality in some form as necessarily the 'best' way to maximise a desired state of affairs may be dismissed. To the extent that, for example, an increase in the level of review of a budget may be worthwhile for its own sake, or that even a poor 'synoptic' view may be an improvement over a series of partial or incremental views, and to the extent that an active pursuit of incremental resource allocation would hinder such improvements, then its claims to rationality are undermined further still. However, it would also be helpful (to put it no more strongly) if the 'rationality' claimed by the so-called 'rational' pole of the dichotomy was called something else, because insofar as rationality is a property of selecting the best means available of maximising a desired end, then the organisational-level claims of the 'rational' pole to this have no necessary force either.

In this context, the 'rational' pole merely posits a particular style of operation and a set of methods, which may be feasible to some extent, in some circumstances, or they may not. Such methods may also produce 'better' decisions, or they may not, depending on the need for a wider consideration of the issues, balanced against the need for a speedier and more decisive decision-making process (eg Brunsson, 1982: p37). Here, the incremental/rational dichotomy again collapses, because these are of course precisely the same caveats as those placed on the claims advanced by the normative variants of incrementalism examined in Section (ii) above, on account of its pluralist underpinning. The normative opposition outlined in Chapter 1 between the two poles of the dichotomy turns out in practice to be unsustainable: neither can be stated on a priori grounds to be the 'best' method of decision-making, and the constraining factors on such

a statement appear to be the same in each case.

Faced with such a position, it is tempting to recall the overlap of the incremental and rational poles noted in Chapter 1 in their joint annexation of the concept of bounded rationality, and to posit this as the resolution of the dichotomy which emerged from the data. However, if bounded rationality is to perform this role, it is as a symptom rather than a cause, through being reproduced in the negotiation of order. At root, the only operative rationality is that which specifies the most effective means of enacting as much as possible of a desired definition, or more generally negotiating and maintaining as much as possible of a desired order. We may agree with incrementalists that 'the best' must be conditioned by a view of 'the possible': the 'rationality' advanced by either pole, however, is only defensible if it happens to coincide with the political rationality of power and the maximised deployment of available power resources demanded by this negotiation of order. Often, as we have seen, neither incrementalism nor 'rationality' meet these criteria, and positing them as normative opposites is therefore futile: this much can be stated with some conviction. What would appear to be worth exploring further, however, is whether and how forms of 'bounded' rationality may readily be sustained through the negotiation of order. The data here suggested that, as a comment on the rational pole, this might be as much as could be expected; but, as a comment on incrementalism, it might also be worthwhile in itself.



(i) Introduction

As the introduction explains, this thesis arose from a studentship linked to a research project taking an intensive, naturalistic and qualitative look at accounting and resource allocation in local authorities. The project was well under way when the writer joined the team but from discussions with its other members of their experiences and views, and from reading the existing literature, the objective was formed of testing the accuracy and validity of the concepts in the incremental/rational dichotomy by reference to the actions and interactions of those actually involved in allocating resources. Even in the abstract, apparent inconsistencies and confusions could be identified within each pole of the dichotomy, and also in the way in which they were set in opposition to each other. The suspicion therefore grew both from the apparent flaws in the claims of each pole about the other, and in those relating to themselves, that the performance of either in accurately 'capturing' what takes place as resources are allocated, and of the dichotomy itself in expressing the choices of approach open to those involved, might prove to be less than adequate.

As the introduction also briefly set out, the apparent confusions in the dichotomy therefore suggested the need for a 'return to basics': a close and detailed exploration of just what does actually happen as resources are allocated, in order to be able to say which of the incremental or rational concepts and claims are justified.

Accordingly, the decision was taken to pursue the research as a small set of intensive case studies, seeking to avoid as far as possible any

pre-theorisation or formulation in advance of hypotheses to test, and instead to proceed inductively from qualitative data, to produce a conceptualisation that was thoroughly rooted in the data which underlay it. Undoubtedly, this decision was influenced by the theoretical stance and existing activities of the writer's new colleagues, but Patton's observation (1980: p281) of the usefulness of a full and detailed understanding of specific contexts, perhaps as a basis on which to rest further studies, also struck a strong chord - indeed, in view of the confusions outlined in the dichotomy, it seemed self-evident. It was therefore intended to build up an avowedly impressionistic picture of the actions and interactions through which resources were allocated, and from which it was hoped that part or all of one or both poles of the dichotomy would emerge as the most adequate available conceptualisation of that activity, or that alternatively, some other schema might emerge which out-performed either pole.

Of course as the above, and also Bulmer (eg 1979: p667) show, the pure inductive or "grounded theory" (Glaser & Strauss, 1968: passim) archetypes must remain at the level of ideals only. They are unattainable in practice because it is impossible to achieve the necessary vacuum or 'tabula rasa' which is entirely free from preconceptions or prior impressions (cf also Ansari & McDonough, 1980: p139): there is always an element to which exploration is deductive. Thus, while in this particular study the 'tabula rasa' was in some ways more nearly achieved through the writer's initial unfamiliarity with the subject area, as the thesis also shows it was equally the case that a prior degree course in politics exerted a profound influence of its own. To this was then added, however, in the nine months' reading and discussion prior to the fieldwork phase, the

preconceptions already hinted at above. These ought now, at the risk of some repetition, to be made fully explicit.

## (ii) Preconceptions

1) First, as we have just outlined there was the strong suspicion rationalised and analysed in Chapter 1 that the dichotomy between "incremental" and "rational" approaches to budgeting and resource allocation appeared in its own terms to be ill-founded. Neither pole appeared to be entirely plausible or logically sound in itself, either as an analysis or as a prescription; also, the implied or explicit opposition between each pole appeared to be either a self-fulfilling prophecy (and thus of limited real value), or unsustainable. While these suspicions inevitably compromised the extent to which the product of the research was fully inductively grounded (see below), they were unavoidable inasmuch as they prompted the thesis! The 'return to basics' - ie, the focus on the actual activity observed around the allocation of resources - which the research represents - was therefore felt from the outset to be justified by the possibility either of improving the incremental/rational dichotomy, or 'resolving' it with a superior conceptualisation in its place.

2) Second, there was a view derived in part from the intellectual surroundings of the project, but also from the perceived demands of the envisaged 'return to basics' that what Halfpenny (1979: p801) identifies as a "positivist" as opposed to an "interpretivist" approach to the research would be unlikely to prove satisfactory. Briefly, without wishing to enter too deeply the underlying

philosophical arguments examined by, eg, Benson (1977) or Colville (1981), there were at least three elements to this perception.

a) The first was that an explicit formulation in advance of hypotheses for deductive testing might, leaving aside any consideration of their truth or falsehood, unavoidably pre-define what was or was not relevant. This would not have been appropriate to the investigative brief set for the research and the impressionistic overall picture which we have seen it was felt necessary to construct. As we have seen, an attempt was to be made to root a conceptualisation of resource allocation in what was actually observed to occur: the idea of pursuing or testing hypotheses, with perceptions and analysis weighted only towards investigating the particular validity or invalidity of these, could not easily be reconciled with the open mind that was felt to be necessary (cf also Colville, 1981: pp20-1). There was a need for, as far as possible, what was in effect a 'bias' against bias.

This of course meant a certain tension with the initial suspicions of the incremental/rational dichotomy which prompted the research, since for the purposes of the investigation itself each pole had in effect to be 'assumed' to be neither valid nor invalid. However, the contradiction was not in practice as great as it appears, partly because the data showed some of the initial suspicions themselves to be ill-founded (as evidenced by the fact that some 'incremental' precepts are accommodated within the conceptualisation developed in the thesis); and partly because it was not known in advance exactly what the practical implications of these suspicions, derived only from prior reading rather than actual experience, would be 'on the ground'. Non-incremental, or non-rational resource allocation could

be envisaged, but trying to grasp in advance the operation of some combination of the two, or resource allocation involving neither (either of which might apparently have been implied by the suspicions of the dichotomy as a whole), proved rather more difficult.

b) The second element of the prior rejection of a 'positivist' stance on the research was the rejection in parallel with the above of the pursuit of 'scientific' truths or law-like generalisations (eg Colville, 1981: p9; Halfpenny, 1979: p801). It seemed that the area to be studied suffered already from an excess of such generalisations most of which, in Argyris's terms, appeared often to present precise enough expressions of a general rule or principle in themselves, but at the expense of accuracy in 'capturing' any specific context (1980: p132). In particular (if one excludes the notably imprecise incremental categorisation of resource allocation outcomes dismissed in Chapter 2) it appeared that incrementalism as propounded by, eg, Davis et al (1966), Wildavsky (1975) or even (for all its richness in evoking the specific context of US Federal budgeting), Wildavsky (1979a) was culpable in this respect; so, too, was the rational pole of the dichotomy as represented by, eg, the contingency theorising of Greenwood et al (1977, 1980a), or Hinings et al (1980). These works were not rejected out of hand, but it was felt to be rather too easy to point to instances, both from the work of the research team at Bath and in the literature itself, where the generalisations which these writers presented did not apply.

c) The third element in rejecting a 'positivist' stance and in embracing an "interpretivist" one followed directly from the second, namely that it seemed self-evident that people allocate resources and that the focus should therefore be on their actions and dealings with

events and each other. It was suspected that many of the perceived inadequacies outlined above arose from insufficient attention to this fact, and that the often quite marked emphasis on apparently "writing people out" of the account offered effectively implied, at best, a 'standardisation' of the impact which it was allowed that they should have on their own circumstances. At its worst, as Colville (1981: p11) puts it, "Such a philosophy and methodology treats people as things". Incremental writers seemed perhaps less at fault here, with their greater concentration on individual-level constraints on budgeting, although the implied universality of the impact of cognitive constraints in promoting a budget 'base', for example, is a standardisation that proved not to be sustained by the data.

This preconception of the role of individuals in the account to be offered was only vaguely formed at first, although as the thesis details it was then writers from within the symbolic interactionist perspective such as Ashworth (1980), Maines (1977) and above all, Mangham (1979) who, it was felt, redressed the balance by rooting action observed in the perceptions and definitions of the situation of those actually 'acting'. There was the gradually dawning realisation that the reality of resource allocation lay within these definitions, actions and interactions, rather than in any fixed and apparently 'objective' or 'taken for granted' features such as organisational hierarchies, differentiation, span of control and etc (eg Benson, 1977: p6; Colville, 1981: pp 16-17).

3) Moving now to the third major preconception with which the research was approached, there was the view directly linking the theoretical stance above and the methodology chosen (eg Patton 1980:

pp45-6; Benson, 1977: p7; Halfpenny, 1979: p805) that, given the need to explore anew and in detail the concept of resource allocation and the action within this, the best vehicle would be the qualitative case studies already outlined and similar to the work being pursued by the project team. A conscious decision was taken to gain the maximum possible depth of access to, involvement in and thus empathetic understanding (Patton, 1980: p22) of the actions of the people involved in allocating resources in the case study locations. It was recognised and, ultimately, intended that the results of such an explicitly subjective and impressionistic picture would require validation by testing or replication in other contexts, and that in providing an essentially unproven set of conclusions and concepts the research would pose at least as many questions as it answered. However, this was felt to be a reasonable price to pay for the depth of insight which it was hoped would be gained, and of which it was judged the subject area was in need. The underlying assumption was that posing questions which could not otherwise even have been framed was an advance in its own right.

### (iii) "Retroduction"

The presence of these preconceptions has considerable implications for the mode of learning employed. The thesis itself shows the extent to which they were or were not found from the data to be justified, but where they were justified, the question is inevitably raised of how genuinely inductive was the research? It might be argued that the results of the research in such cases were simply the product of a closed mind, in effect a self-fulfilling prophecy that the writer saw

only what he wanted to see. This may even be true: to some extent, "the proof of the pudding is in the eating", or rather in this case in its replication at the hands of other researchers in the same area, and in whether the research really does offer greater insight into how resources are allocated than the alternative conceptualisations already available.

However, there are a number of points which need to be made in favour of the thesis as it stands here. The first is that, as detailed below, considerable care has been taken to validate the data by cross-referencing it and obtaining the reactions of the actors involved. Second, the preconceptions with which the research was approached may be seen to be concerned at least as much with that approach itself, rather than the results of the research. While Colville (1981: pp9-11) details how the choice of methodology in effect channels and even determines what it is possible for us to learn from a given piece of research, and while certain aspects of this research such as the focus on individuals' actions and interactions could be predicted from a knowledge of these preconceptions, it remains the case that there is little in the conclusions arrived at or concepts developed which could similarly have been predicted. Thus, we have seen that the initial suspicion of the incremental/rational dichotomy itself has not prevented aspects of incrementalism emerging in the conceptualisation of resource allocation finally arrived at, and has not led to rational techniques being rejected out of hand. Further, although the initial focus was, perhaps predictably, on action and interaction, this did not preclude a major theme emerging from the data of the structurally-located role of Chairman/Chief Officer pairings in channelling the types of interaction and outcome which were observed.



This in fact introduces the third and major point, which is that any allegation of 'pre-determining' the products of the research would be to misconceive the learning process actually employed in it. Bulmer (1979: p659) recognises the impossibility of avoiding entirely any deductive learning or validation by reference to prior impressions, and therefore labels avowedly inductive learning as "retroduction". As he puts it,

"Concepts and observation are ... interdependent, but in a quite specific sense. Concepts are not just developed out of observations, but neither are they an a priori category. Rather, their use is justified in terms of their context in a particular theory and particular observations which that theory seeks to explain ... (T)heories are not developed deductively or inductively, but both deductively and inductively. There is a constant interplay between the observation of realities and the formation of concepts, between research and theorising, between perceptions and exploration" (emphasis in original).

Bulmer goes on to supply the logical sequence of retroduction:

- "1) Some surprising phenomenon, P, is observed,
- 2) P would be explicable as a matter of course if H were true.
- 3) Hence there is reason to think that H is true" (1979: p659).

The deductive element within the inductive process is of course in the second stage, where H is adduced to explain P (ie working from the general to the particular), but at the same time as the occurrence of P is further validating H (ie working from the particular to the general) by the very fact, in effect, that H may be adduced to explain it.

Bulmer may in fact overstate his case against the possibility of more genuinely inductive learning, inasmuch as it is conceivable that an entirely unanticipated concept may emerge from a body of data and for

which there is no previous reference either to verify or falsify it. Nevertheless, it remains the case that much of the conceptual output of the thesis emerged from the data retroductively, where in effect P 'triggered' H being 'called upon' to explain or supply a convincing pattern for the set of Ps collected as data. It may be seen that retrodution in fact captures precisely the methodology of the 'inductive testing' envisaged from the outset for the incremental/rational dichotomy. The key question was whether either, both or neither poles would be 'called upon' as explanations or categorisations (Bulner, 1979: p652) of what was observed. Often, as we have seen, neither was, either because of the presence of superior alternatives or because there were positive reasons why P could not be explained or categorised in those terms.

#### (iv) Data collection and analysis

What then of the observations - the gathering of the 'Ps' - on which the research rested? As noted in the introduction, the case studies took place over the period from June 1981 to November 1984, with the most intensive phase lasting until October 1982, but with a series of follow-up interviews thereafter. These latter were pursued as frequently as the writer's new full-time employment would allow until March 1983, thus allowing the budget cycle for 1983/84 to be covered in detail along with that for 1982/83 covered by the main part of the full-time fieldwork phase. As we also noted in the introduction, there was in effect little choice of how the sample of authorities was constructed. Authorities were chosen where, through personal or indirect contact, the level of access sought was on offer. An

immediate priority on gaining access to each authority was to use the data-gathering process to develop further, well placed, contacts from whom there would be the maximum chance of gaining confidential information where this was necessary for the development of the thesis.

A major factor prompting actors in each authority to help, once initial access had been gained - and a major vindication and reinforcement of the original decision - appeared to be the style of research. It happened in several instances that initial hostility disappeared when it was explained that the objective was to focus simply on what happened, and to construct an account which also made sense to those researched rather than simply in terms of the theoretical stance of the author. It was they, in effect, who were going to provide the structure of the research and concepts developed. While, as Patton (1980: pp198-9) cautions, a refusal to provide any form of structure for an interviewee can be carried too far, leaving him or her justifiably wondering exactly what is wanted from them, in general the reaction offered a vindication of the approach adopted here.

The particular style of interviewing actually adopted is discussed in more detail below. However, rather than an end in itself, this style was symptomatic of a more deliberately unstructured overall approach whose implications for the direction of the research and data-gathering were several-fold. First, there was no preconceived notion of which parts of each local authority would be investigated. Following Turner (1982: p12) and others, the research was bounded not by structural features of the authority such as departments or specific levels of a hierarchy, but by a pursuit of whatever appeared

to be subsumed within the gerunds of the activity being studied: if something could be described as part of the process of 'budgeting' or 'allocating resources' or even 'making policy', the attempt was made to explore it. While it is not claimed that the exploration of these gerunds was complete, this meant in practice that the focus ranged from lower tier budget officers concerned with the detail of budgeting on the one hand, to Chief Officers and Members, and then on to Committee Chairmen, on the other hand.

The second set of implications of this unstructured approach provides a theme through the actual process of gaining data. We have seen that three major sources of data were tapped: (mainly tape-recorded) face-to-face interviews, documentary sources, and participant observation. The intention was that these data sources would provide some form of mutual "triangulation" (eg Hari Das, 1982: p11; Flynn, 1979: p744), albeit largely within the overall qualitative paradigm in which this research was set, as opposed to across paradigms to embrace quantitative data in the manner envisaged by Hari Das.

However taking the first data source, interviews, the format of each interview rested on no more than a checklist of issues which it was desired to raise with the interviewee as the opportunity arose. These issues could arise from listening to the tape of the previous interview, from conversations with other actors in the authority in question or in the others being studied, observations, queries about documents which had been read, or from a reading of the work of other researchers in the field. Where these issues related to other than purely factual queries, it may be seen that their passage into an

interview checklist forms part of the process of emergence from the data from which themes and concepts of more general significance were derived. The interviews were almost all tape-recorded. Only very rarely did an interviewee object to the tape recorder: and such objections as there were usually disappeared once that person had been shown where the 'stop' button was, and offered the opportunity of using it, as and when he or she wished.

Turning to documentary evidence, again no prior view was taken of documents which it was felt to be necessary to see, although clearly, there was a strong impression that the budget book itself might figure, if only to discount it as an adequate 'measure' of the process which gave rise to it! In the event, access both to internal and Committee papers in all the authorities studied was virtually unhindered. The participant observation and ad hoc conversations were pursued on the same "following the issue of the moment" basis that was used to structure the interviews. As noted in the Introduction, this evolution and pursuit of issues was helped immeasurably by the provision of a desk in the Chief Executive's section within Authority B which the writer endeavoured to use as a base for at least two to three days a week of the main research period, even if no specific interviews or meetings were scheduled. The value of this gesture in gaining further insights, both into the specific activities within Authority B, and into local authorities in general, cannot be overstated. Once again, however, as with the interviews, as issues and themes emerged from the data this served to structure the approach and prompt a focus on particular aspects of the context under observation, and ultimately to allow the emergence and development of wider concepts and generalisations.

It may therefore begin to be seen that, rather than being provided in advance, the structure of the research itself was allowed to emerge as issues and themes came to the writer's attention. In a very real sense, of course, this meant that the structure of the research 'became' the conceptual structure with which it concludes. The chronology of the developments of this conceptual structure further illustrates this process, and also the interplay of observations and concepts outlined above by Bulmer. It is, therefore, worth setting out briefly the sequence of events.

The writer accordingly began his fieldwork, once initial contacts had been established, with the preconceptions set out above and very little else, least of all any real idea of what was expected or even what was required. As the order of the thesis suggested, however, perhaps reflecting the dominant impression from the reading but also the initial tendency for access to concentrate at lower levels in the authorities studied where such issues were more prominent, the initial focus was on what was identified as the "cognitive limits" strand of incrementalism. (In Authority B, which was the more 'corporate' of Authorities A and B, the initial focus was also on the corporate apparatus in operation there, but which it subsequently has not proved possible to discuss in this thesis from the explicit point of view of the rational pole of the dichotomy.) In Glaser & Strauss's (1968: p84) terms, this experience then began to "sensitise" the writer to the scope of individuals to 'make a difference' and the possibility that individuals so minded could, given the necessary circumstances and interactions, combine substantially to negotiate any cognitive constraints they might face. Cognitive constraints were therefore variable in impact and the cause of this variation was the individuals involved and the interactions between them.

Concepts such as proactivity - ironically suggested, in the first instance by Wildavsky (1979: pp20-1), whose work it was being used to criticise - accordingly emerged from the data as justifiable and useful. Particular environmental features - notably resource shortage and uncertainty - where variations in the proactivity of response were especially at issue were used, as "brute facts", almost as 'bench marks' against which to test proactivity. This sensitising influence also turned the focus to the nature of the interactions involved and effectively ensured a receptive response to ideas associated with symbolic interactionism and negotiated order theory prominent within the writer's School, but in particular to the "micro-political" perspective of Mangham (1979), which was read at about this time. The trend of the thesis itself is sufficient indication of the profound influence which this work exerted.

Following in turn from this development, it became a natural progression, in effect, to expand the focus to include what was identified as the more explicitly "political" strand of incrementalism. What appeared to be strong evidence was being obtained all the while that interactions which could be conceptualised as "micro-political" could be adduced to explain both the level of review achieved (a key concern of incrementalism) and the destination of resources. The "cognitive limits" strand was not forgotten in these developments, but rather, it became interwoven in the developing analysis. Within the impressionistic overall picture, the culmination of the process was the set of politically-rooted concepts, eg 'umbrellas', 'power' and 'power resources' as defined here, which are in effect abstractions from the interactions observed and which, it is hoped, may be applied elsewhere to derive further insights.

At the same time, a parallel strand in the development of the argument was the analysis of the data once gained. In the first instance, interviews were not fully transcribed, because of the expense of doing this: instead, notes were taken from them as if reading a book or a journal, roughly referenced by the reel counter of the tape recorder. An attempt was made at the time to write out quotations which seemed likely to be of particular value. Notes were similarly written up as fully as possible and documents were read and indexed, both as soon as possible because they often raised issues which needed to be pursued while they were fresh in interviewees' minds.

However, it was then the analysis of this data which was the key to the whole learning process. Very soon after the fieldwork commenced, a card index was begun whereby each data episode (eg, event witnessed, document, interview etc) was scanned for what appeared to be the 'gist' of whatever seemed to be happening or being said at each observation point within that episode. The summary of the observation point was then stored on the card index, with its reference details, at first under its own heading but then, critically, under existing headings where observation appeared to duplicate another already indexed. Any observation could be recorded under any number of headings that suggested themselves, be these new or already emergent. Where a particular heading appeared to be heavily subscribed, one was then drawn to that point for further analysis and development, and for further interviews and explorations in the field.

This process is conceptually similar to that recorded by, eg, Turner, (eg 1982: p2), although he established connections between pieces of data by physically manipulating the cards on which they were recorded,



and observing the results of particular juxtapositions. The process here of recording and examining the points where data appeared to 'coagulate' continued right throughout the research, often with many false starts in terms of headings which subsequently proved less useful and also - here introducing another element of deduction within the "retroductive" framework outlined above - much back-tracking to examine previously gathered data for instances in support of headings which had only subsequently emerged and which had not been perceived in that way at the time. Ultimately, 79 major headings emerged from the data in this way, often with highly idiosyncratic titles which meant something only to the writer, and often with sub-headings within them. Some 23 of these major headings were concerned with the role and status of actors in Authorities A and B who appeared to be especially relevant to the proceedings, and a further 12 concern the role and status of bodies within each authority - eg Committees, Management Teams etc. Thereafter, headings began fairly prosaically, for example, "cognitive constraints: acknowledged effects of"; or "political feasibility: visible consideration of", but became progressively more abstract: for example, "umbrellas", "attitudes to innovation", "power resources" etc. It may be seen that out of the headings in this card index developed the conceptual structure of the impressionistic overall picture, which is the ultimate product of this thesis.

#### (v) Validation

A further set of questions then concerns the validation of the data once gathered, that is, checking for accuracy of observation and authenticity. To some extent, validation was provided as observations

appeared to reproduce the card index headings described above, although this is clearly not an adequate validation on its own given the possibility of perpetuating a distorted basic perception, perhaps for lack of some other heading to use as a 'peg' on which to hang an observation.

Hari Das (1982: p10) lists five methods of validating qualitative data, any one or more of which may be of value. These may be paraphrased as

- several investigations in the same area;
- comparison with outside sources and known facts;
- self-confrontation and checking for internal consistency of the data;
- seeking to have those studied 'own' the data and conclusions about them;
- predictive discrimination.

The first of these, as set out above and in the introduction, is beyond the scope of one writer's pursuit of a limited set of case studies, and it is accordingly hoped that validation in this area will come as others find our conceptual structure and overall picture useful in understanding other contexts. A particular example here might be instances of 'rational' approaches to resource allocation. Similarly, the fifth approach listed could, in theory, come as hypotheses are developed and tested from the work carried out here.

The second source of validation was pursued as the data was gathered and also, most importantly, in the light of the writer's subsequent experience in the Finance Section of the ACC. The impact of this

experience may be seen at several points in the thesis, notably in the presentation of the "brute facts" of resource shortage and uncertainty. The third of these has in effect been outlined in the indexing process above: however, self-confrontation, to use Hari Das's phrase also came during the writing-up phase, in the form of the rigorous concentration and analysis of the data necessary to recall past events accurately. The fourth source of validation, by reference to those actually studied, was pursued continuously during the main fieldwork phase both as informal meetings and interviews, and also thereafter, as the thesis was being written. One important means of doing this was what Patton (1980: p213), for example, might view as bad practice. Tentative conclusions of being tested were either floated by means of a 'blatantly' leading question or an extreme statement of that particular conclusion (eg "my impression is ... how do you respond", or "it appears to me that ... is that fair?") in order to elicit a reaction which might itself then be explored. Another means by which this happened was unintentional where, for example, it became clear that questions asked of interviewees were not merely difficult for them to answer but were actually wrongly conceived: to some extent, therefore, the style of research of pursuing emergent issues to their logical conclusion was self-validating.

This completes the outline of the methodology employed during the research, and also indicates some of the processes which continued during the so-called 'writing up' phase. As we have indicated, though, the act of beginning to write the thesis did not signify a clean break from either further reading or further fieldwork, and of course much of the development and 'fine tuning' of emergent ideas only came as pieces of data were selected and arranged to make the

points in question. Further, it was during this stage that the additional data source of the writer's post at the ACC became operative, the effect of which may be seen clearly throughout the thesis, but in particular in Chapter 3. There were also opportunities to 'try out' concepts and ideas which had been developed with other local government professionals. To this extent, the writing of the thesis should be seen as an integral part of its development, not merely the putting on record of a piece of research.

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